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A JOURNAL OF INTERNATIONAL AND STRATEGIC AFFAIRS

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STEIN TØNNESSON

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ISEAS INSTITUTE OF SOUTHEAST ASIAN STUDIES

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Contemporary Southeast Asia, Volume 22, Number 1, April 2000

The Emergence of an Independent East Timor: National and Regional Challenges

JAMES COTTON

For a generation, the East Timorese independence struggle was ignored by Southeast Asian nations and by Australia. However, Indonesia's annexation never gained full international recognition, and with the failure to win the allegiance of the majority of the population and in the context of national political uncertainty, the crisis in the territory led to United Nations (U.N.) intervention. However, the U.N. mandate will be difficult to execute, given the material and political problems in the territory. Indonesia's record has already generated unprecedented domestic and international scrutiny of the role of the military. The contribution of Australian diplomacy and military power to the resolution of the East Timor issue has brought into question longstanding Australian regional policies. In the case of ASEAN, which had previously supported Indonesia on the issue, the East Timorese independence movement has also raised difficulties for the grouping.

Introduction

Developments over the past year in East Timor have constituted a watershed for Southeast Asia, comparable in importance to the resolution in 1992 of the Cambodian conflict. Southeast Asia now has a new nation, one whose historical experience marks it out as diverging somewhat from the prevailing regional consensus. The size and scale of the United Nations-sponsored multinational INTERFET (International Force for East Timor) operation introduced into the territory in September 1999 as well as the manner of its introduction also set new

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precedents. The UNTAET (United Nations Transitional Administration in East Timor) authority that succeeded it ensured that the United Nations will have a direct role in the region for some time to come.

The consequences for individual nations have also been significant. On the one hand, the Australian Government has considerably re-interpreted a longstanding policy of regional "engagement" which may yet portend a different future response to the problems of Southeast Asia and beyond, and will certainly entail a new approach to such issues as military force configuration and expenditure as well as to diplomacy. On the other hand, the integrity of Indonesia has been challenged. These events have encouraged separatist trends in Aceh, Irian Jaya, and elsewhere, and they have already led to re-evaluations at home and abroad of the Indonesian military and its political role and aspirations.

This article reviews the background to the East Timor issue, considers the interventions of 1999 in the territory, and seeks to identify the sources of Indonesian and Australian policy, paying particular attention to the new challenges posed for policy-makers by the East Timorese independence struggle. It then concludes with a consideration of the impact of these events on ASEAN and on regional dynamics.

The Failure of Indonesian Policy

East Timor was formally incorporated into Indonesia as the nation's twenty-seventh province on 17 July 1976, after the invasion of the territory by elements of the Indonesian military on 7 December 1975, and intervention in the politics of the emerging nation from October 1974. On 27 September 1999, the Indonesian commander in Dili, Major General Kiki Syahnakri formally transferred authority for security in the territory to the INTERFET command, and the final elements of his force departed on 27 October. Between these dates Jakarta expended, given East Timor's insignificant size and population, prodigious amounts of blood and treasure in pursuit of a policy of integration. Yet this policy was evidently a failure. The reasons for this failure are a matter of considerable debate. They may be sought in the assumptions fundamental to Indonesia's conduct. They may also be attributed to particular dynamics within East Timor in the last decade, a time in which external pressures have played an important role.

As to the former, it is clear that in the first few years Indonesian military policy was incoherent, producing widespread alienation of the population and many fatalities while being incapable of finally extinguishing the guerilla resistance of FALINTIL (Forças Armadas de Libertação de Timor-Leste Independente), the military arm of FRETILIN

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(Frente Revolutionária de Timor-Leste Independente). Economic policy, the main characteristics of which were the assumption by military-linked companies of the monopolies and properties controlled by the former Portuguese colonialists, did nothing to convince the population that development was for their benefit.[1] In the sphere of culture, the compulsory predominance in education and in the governmental administration of Bahasa Indonesia was imperfect as a vehicle for building a pro-integration consciousness when most positions in the state apparatus were reserved for personnel from outside the territory.[2]

However important the role of extra-regional forces became at a later stage, in the years up to the "opening" of East Timor to visitors and transmigrants in 1989, it should be emphasized that Jakarta had a free hand to adopt almost any policy it pleased. Successive Australian governments deliberately avoided the issue[3], and the continuing military effort against FALINTIL was only prosecuted with the assistance of counter-insurgency technologies knowingly supplied by the United States, and later France and the United Kingdom as well as Australia. Along with these failures, the continuing elements of the East Timorese cultural and political resistance also played a role. The local Catholic Church (led by a mostly indigenous priesthood) kept in being a sense of separate cultural identity.[4] And the umbrella political resistance formed in 1981, the CNRM (Conselho Nacional da Resistência Maubere), while maintaining a relationship with FALINTIL, was successful also in forging links with the emerging student-led urban resistance of the later 1980s.

The resolution of these longer term antinomies required a catalyst, and this was provided by the 1991 Santa Cruz cemetery massacre in Dili. It may be conjectured that this set in train a new trajectory for events, and thus may be considered as the starting point for the story that ended in 1999. The context for Santa Cruz included the appeal in 1989 by Bishop Carlos Belo, the primate in Dili, to the United Nations for a plebiscite to determine the wishes of the population on their future, and the visit by the Pope later that year, which was the occasion for popular demonstrations and acts of government repression.[5]

Though there had been many killings of East Timorese before that time – the total number of fatalities during the period of Indonesian rule numbered at least 120,000 and could have been as high as 200,000[6] – the Santa Cruz events (during which between 200 and 500 people were shot or disappeared) were distinctive. A number of members of the foreign media (in Dili to cover a Portuguese official visit that did not eventuate) witnessed the killings, and Max Stahl's graphic film taken at the time and smuggled out of the territory provided the defining images for an issue that prompted renewed international attention. As

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a response, foreign governments and international aid agencies reduced or suspended aid programmes to Indonesia. Amid the growing disquiet, the Indonesian authorities themselves convened an inquiry into the conduct of the military. Although the Djaelani Commission recommended trivial punishments and sanctions for a small number of soldiers and junior officers (the most severe being imprisonment for eighteen months), its findings amounted to a rare admission that the government and its local agents were at fault.[7] After critical U.S. Congressional hearings in 1992 on human rights violations in East Timor (at which Allan Nairn, whose skull was fractured as the result of a beating by Indonesian soldiers at the time of the Santa Cruz incident, gave crucial testimony),[8] the U.S. Congress voted to withdraw funding for military training and co-operation (under IMET, the International Military Education and Training Program). As the result of a civil action brought in U.S. courts by the family of Kamal Bhamadhaj, a New Zealand citizen killed during the Santa Cruz incident, punitive and other damages amounting to US$14 million were awarded in 1994 against General Sintong Panjaitan, who had been the ABRI (Angkatan Bersenjata Republik Indonesia) Udayana Regional Military Commander at the time.[9] Following the Djaelani Commission, Sintong was sent on sabbatical leave for study at Harvard University, but was quickly recalled home upon receipt of a subpoena to attend the court. As Secretary of Development Operations, he later became a confidant of President B.J. Habibie.

The United Nations was also stimulated to resume a role essentially neglected since the mid-1980s. Successive resolutions had been passed by the U.N. General Assembly censuring Indonesia for failing to allow the East Timorese to exercise their right of self-determination, but from 1983 the issue was bequeathed to the Secretary-General and his good offices. In the aftermath of the massacre, the U.N. Human Rights Commission Special Rapporteur on Extrajudicial, Summary or Arbitrary Executions, Bacre Waly Ndiaye, produced a report on the incident which was a damning indictment of Jakarta's failure to change its policy, or punish those responsible. Under U.N. auspices and with Indonesian and Portuguese participation, a series of conferences was convened between various representatives of East Timorese opinion, including the CNRM, who were thus accorded enhanced legitimacy.[10] For the first time, an official meeting was held in 1994 between Indonesian Foreign Minister Ali Alatas and José Ramos Horta, the CNRM's vice-chair and foreign affairs spokesman.

With increased international attention and the first indubitable signs of Indonesian self-doubt, continuing unrest was encouraged, manifest

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in major demonstrations in Dili in 1994, and again in 1996. The award of the Nobel Peace Prize for 1996 jointly to Bishop Carlos Belo and José Ramos-Horta further enhanced the standing of the resistance. Policy intellectuals in Indonesia began to consider major changes to the approach taken to the territory, but any new departure was vetoed by the President. When, within three weeks of Soeharto's resignation, President Habibie remarked in June 1998 that a new status for East Timor should be contemplated, this was the culmination of a process begun in 1991.

From UNAMET to INTERFET

From the time of President Habibie's announcement, Indonesian policy was in disarray. Policy-makers and powerholders were in dispute both on the nature of any new arrangements for the territory, and on the extent to which the consideration of these would entail consulting the opinion of the population. Renewed international interest in the East Timor question, and especially Australia's repudiation of its previously accommodating approach to the issue, exerted some influence on Jakarta's policy.[11] At the end of January 1999, the Indonesian Government took the position that a vote on autonomy would be arranged. By 5 May, Indonesia became party to an agreement with Portugal that under U.N. auspices mechanisms would be established to determine whether the people of East Timor would accept a new autonomous status within Indonesia or whether they would prefer independence. On the basis of this agreement, UNAMET (the U.N. Assistance Mission to East Timor) was established and charged with the mission of gauging the views of the East Timorese on their political future.

UNAMET's role was to explain to the East Timorese the nature of their choice, register all eligible voters and then conduct a "popular consultation". In all, around 1,000 staff, observers, and officials were sent to East Timor to organize the vote. It was not a peacekeeping operation (and remained a responsibility of the U.N. Office of Political Affairs), although it did contain a civilian police contingent of 280 personnel and a small military liaison group. Throughout its mission, Indonesia was responsible for maintaining appropriate security in the territory and for protection of the U.N. personnel, with the role of the international police contingent strictly advisory.

In terms of the U.N. Charter, UNAMET was therefore a "Chapter 6" intervention, that is, one undertaken with the consent of all the parties involved. While it internationalized the East Timor issue and subjected events there to intensive scrutiny, it could not directly

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influence, much less determine, the policy of those members of the Indonesian administration and military who were left in charge, nor supplant their authority.

Even before the May agreement, security in the territory was an issue of serious concern. In 1995 "Ninja" gangs, operating with apparent impunity, had abducted and murdered independence supporters. In late 1998, Indonesian policy took a new tack, with the formation of various "militia" groups, organized and supplied by elements of the Indonesian military, including the Kopassus special forces.[12] While the legality of these armed formations was extremely doubtful, they nevertheless drilled and paraded with Indonesian military in attendance, and their activities seemed to conform to a general plan to intimidate the population and destabilize the independence camp.

On 6 April, about 62 civilians were killed in and around the church at Liquiça, where eyewitnesses maintained that Indonesian personnel were in attendance during the incident. This was the worst of many such acts of terror, which continued despite the presence from 3 June of members of UNAMET. Militia members displaced thousands of people from their homes, and were responsible for attacks on U.N. offices in Maliana and elsewhere.[13] The CNRT (Conselho Nacional Da Resitência Timorense), a coalition of all major political parties (which replaced the CNRM in April 1998) could not campaign openly, civil servants were instructed to vote for autonomy or face dismissal, and Indonesian flags were required to be flown on every building. The ballot process was delayed twice because of this disorder, and as UNAMET amassed evidence of Indonesian military complicity in incidents of violence, the United Nations requested the central authorities to withdraw named officers whom they considered were responsible.

In the event, this campaign of intimidation was not successful, despite the mobilization of thousands of armed militia in a situation where Indonesia remained in complete control of security. The reasons for this failure must remain a matter of conjecture, pending the confirmed testimony of the major participants. However, it may be supposed that the internationalization of the issue and the consequent intense foreign scrutiny restrained the full potential for intimidation. Despite being sorely tested, FALINTIL remained in cantonments and did not engage in retaliation against the militias, which would have provided a pretext for more concerted action against independence supporters, or for the aborting of the consultation process. In this period, divisions may have occurred within the Indonesian chain of command, the members of which were undoubtedly distracted by Indonesia's internal political crisis, serious instability in the region, and the need to manoeuvre to maintain an influential role in the post-Habibie order.

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An important element in deterring the complete sabotage of the ballot was the leakage of secret Australian intelligence assessments that illustrated the direction of the militias by elements within the Indonesian military. The Australian Government made repeated representations to Jakarta on the need for Indonesia to observe all the elements of the May agreement and especially the preservation of a security environment that would allow the population to exercise a genuine choice. The deterioration of public order and the apparent connection between the TNI (as ABRI was now known) and the militias were also the subject of pointed resolutions of the U.N. Security Council. On 21 June, the Vice-Chief of the Australian Defence Force, while meeting with TNI commanders in Jakarta, made available to them intelligence reports incorporating specific details of military involvement with militia operations.

Nevertheless, the consultation indicated a resounding preference for independence, with 98 per cent of the enrolled voters casting their ballots, and 78.5 per cent of these in favour of bringing to an end the twenty-four years of association with Indonesia. Even before the result was officially announced on 3 September, violence had broken out, resulting in the death of two local employees of UNAMET. UNAMET was forced to withdraw all its personnel from centres outside Dili where, despite the presence of thousands of troops and uniformed police, the U.N. compound, which by that time also housed 2,000 refugees, was placed under siege. A delegation of five members of the U.N. Security Council visited Jakarta and East Timor and upon their return to New York reported "that the violence could not have occurred without the involvement of large elements of the Indonesian military and police", and concluded therefore that "the Indonesian authorities were either unwilling or unable to provide the proper environment for the peaceful implementation of the 5 May agreement."[14] Acting on this assessment, the Security Council urged Indonesia to accept the intervention of an international security force to restore order. Meanwhile, East Timor's housing and infrastructure were being systematically destroyed, and hundreds of thousands of people were being moved by sea and land to West Timor and other parts of Indonesia.

These events brought to a head international demands for more credible means to provide a secure environment. Right through the balloting period and as a reaction to the endemic disorder, it had been suggested that an international force was needed to perform the security role so inadequately discharged by Indonesia, and which should have been available to facilitate the free elicitation of East Timorese opinion. But this demand had been rejected by Jakarta as inappropriate and indeed a threat to the very consummation of popular consultation.

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Despite ordering two delays in the process, and repeatedly criticizing the partiality and ineffectiveness of Indonesian security efforts, the U.N. Secretary-General, in his reports to the Security Council, never found the situation to have deteriorated so badly as to warrant the withdrawal of UNAMET. Consequently, quite apart from the fact that there was insufficient time — in the light of the normal pace of U.N. proceedings — to bring the Council to the point of debating the issue, it is very unlikely that a majority could have been mustered for sterner U.N. intervention, even setting aside its likely veto by China. It should be recalled that the Kosovo crisis was the subject of three strongly worded Security Council resolutions in March and again in September and October 1998, yet these had no real effect on the worsening situation prior to the NATO decision to act in March 1999.

But the concerted destruction of infrastructure and population displacement in East Timor, which became the focus of intense international media attention, provoked new efforts. Even so, it took some time to engineer a U.N.-sanctioned solution. On 14 September, UNAMET members and the refugees they were sheltering were airlifted to Darwin. The U.N. compound was subsequently looted and burned, although apart from TNI troops and police, most of the inhabitants of the capital had fled or been deported.

On 15 September, the United Nations Security Council (in Resolution 1296/1999) unanimously authorized the establishment of a multinational force in Timor. The resolution, under the terms of Chapter 7 of the Charter, gave the force three tasks to perform: to restore peace and security to East Timor, to protect and support UNAMET, and to facilitate within force capabilities humanitarian assistance. This was therefore a fully fledged peace-making or peace enforcement mission with a "robust" mandate.

However, even given the severity of the humanitarian and order crises in the territory and beyond, events outside the forum of the United Nations were crucial in the success of this resolution. First, Indonesia formally requested such an intervention. As a consequence of the regional financial crisis, the country was dependent upon International Monetary Fund (IMF) financing and thus could not ignore U.S. and European Union pressures to accept the multinational force. But this request did not come easily. It subsequently emerged that when the United Nations had, on 7 September, given Indonesia forty-eight hours to stem the violence, President Habibie had threatened to go to war with Australia if Australian troops landed in East Timor without his express assent.[15] Secondly, regional leaders were assembled in New Zealand for the Asia-Pacific Economic Co-operation (APEC) conference,

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and were therefore in no position to evade the issue. Thirdly, Australia lobbied tirelessly to assemble a "coalition of the willing" prepared to furnish the necessary troops, logistics and political support. This entailed volunteering to provide the bulk of the intervention force as well as support facilities. Assuming this role meant both meeting the cost (A$1 billion by the end of 1999) and, more importantly, significantly redefining the decades-long policy of "engagement" with regional élites, the latter reflected in Indonesia's unilateral abrogation on 17 September of the 1995 Security Agreement with Australia. It also meant prodding the United States, and therefore straining the ANZUS (Australia, New Zealand, United States) alliance, given that the Clinton administration, in the context of the Kosovo operation and the continuing conflict with Iraq, was initially and publicly most reluctant to take on an additional international commitment. Finally, after a good deal of hesitation, regional nations agreed to contribute to the mission, thus rendering it more diverse than the Anglo-American coalition it would otherwise have appeared. The early offer of a substantial force by Korean President Kim Dae-jung, who was due to visit Australia immediately after the APEC meeting, was an important initiative in this regard.

The first elements of INTERFET landed in East Timor on 20 September. Within three weeks, the full complement of 9,000 troops from eighteen nations were in complete occupation of the territory. The force included significant detachments from South Korea, Thailand, New Zealand, and the United Kingdom, in addition to Australia. The United States provided logistics and supplies. The anticipated clash with elements of the former militias did not materialize, despite threats from Eurico Guterres, the leader of Aitarak, and others. But INTERFET found many other tasks to perform. These included assisting an international relief effort in a territory so devastated that few buildings retained their roofs, and helping with the repatriation of refugees and deportees returning from Indonesia. As evidence of killings during and after the ballot came to light,[16] INTERFET had to assume responsibility for investigating the crimes, while also negotiating a *modus vivendi* with FALINTIL, whose guerillas were initially unwilling to disarm. The return of Xanana Gusmao on 21 October gave the independence movement new direction even while it also raised the longer term problem of locating legitimate authority in the post-Indonesia era. Meanwhile in Jakarta, Habibie was replaced by Abdurrahman Wahid, the former's handling of the Timor issue probably being the main cause of his political demise. At the same time, the MPR (People's Consultative Assembly) ratified the ballot result, and on 25 October relinquished Indonesia's claim on East Timor.

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ABRI/TNI Policy: Origins and Responses

In retrospect, the systematic despoilation of East Timor seems to have served little purpose, neither advancing the political careers of key military leaders nor enhancing Indonesia's reputation in the world. Nevertheless, the comprehensiveness of the destruction and the logistics involved in the movement of hundreds of thousands of people seem evidence enough of a deliberate plan. The ABRI/TNI perspective on East Timor therefore deserves some consideration, especially in the light of the evidence that has since emerged on the role of the military.

It hardly needs stating that the military has never regarded the political aspirations of the East Timorese as legitimate. This attitude undoubtedly survived the fall of Soeharto. As soon as Habibie announced that Indonesia would be accepting a referendum to determine East Timor's future, the TNI launched *Operasi Sapu Jagad* (Operation Clean Sweep), intended to destroy the remnants of the CNRT.[17] The commander of the operation, Major-General Zacky Anwar Makarim was later appointed liaison officer to UNAMET, underlining the military's lack of concern with the opinions of the population.

ABRI and its interests have long dominated property and commerce in the territory, with the military-linked company P.T. Batara Indra being especially prominent, and military figures including Benny Moerdani and Prabowo Subianto deriving much income from such activities. In East Timor, ABRI's honour and record have been at stake. Service in the territory has been the formative and bonding experience of almost its entire senior officer corps. Although no official statistics are available, Indonesian commentators have been quoted as claiming that as many as 10,000 soldiers died in the theatre from 1975. The prolonged Timor campaign has been both the biggest commitment and the most signal failure of ABRI/TNI. Not only has East Timor loomed largest in the military's past, but it may also dog its future. The possibility of a retrospective assessment of the violation of humanitarian norms, raised by the Sintong prosecution, and evident from such analogies as Bosnia and Rwanda, must have occurred to more thoughtful commanders. In addition, East Timor has been a crucial test of the wider "dual function" role accorded to the military in the Indonesian state. If, with considerable resources and little restraint from the centre, the military could not govern such a small part of the nation, perhaps the time had come to reconsider its status in the wider polity. The determination to relocate thousands of East Timorese elsewhere in the archipelago suggested a great reluctance to see the national estate thus diminished. The success of Timor separation might also have been regarded as a signal to dissident forces in such regions as Aceh, Irian Jaya, and Maluku that

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they might attempt the same strategy. Finally, the desire to take revenge and to spite the East Timorese cannot be entirely discounted. If they were to have independence, they would start with less than nothing. The military therefore had many motives to take such action, the most weighty being the destruction of evidence of past abuses, and to give a stern warning to separatists elsewhere.

In the event, fears of being called to account for the East Timor debacle proved justified. In September 1999, President Habibie instructed the National Commission on Human Rights (Komnas HAM) to establish a nine-member Commission of Inquiry into Human Rights Violations in East Timor (KPP HAM) to determine whether sufficient evidence existed to bring particular officers to court for crimes committed in East Timor during the transition. After some resistance, General Wiranto, Major-General Zacky Anwar Makarim and other key members of the TNI appeared before the Commission. In his testimony to the Commission, Joni Marques, a militia commander from Los Palos, described his training by Kopassus and admitted responsibility for the killing on 25 September of eight civilians, including two nuns and four priests. The Commission also established the authenticity of the "Garnadi Paper", a memorandum prepared by P4-OKTT, which was a military group established under the authority of Co-ordinating Minister for Political and Security Affairs, Feisal Tanjung. This document, which became available to UNAMET prior to the ballot but which was rejected as a hoax by the TNI command, urged the military to make every effort to support the integration cause, but if the ballot was lost, to make contingency plans to evacuate their supporters, "possibly destroying facilities and other vital objects".[18] In an interim report, the inquiry found that there had been collusion between the TNI, the militias and the police, and thus the military were directly or indirectly involved in extra-judicial executions after the 30 August self-determination ballot.

These issues were also a matter of concern for the United Nations. On 15 November, the United Nations Economic and Social Council, acting at the urging of the U.N. Commission on Human Rights and the U.N. Secretary-General, established a Commission of Inquiry to investigate possible violations of human rights and breaches of international humanitarian law in East Timor during 1999. After visiting East Timor and hearing the testimony of witnesses, the Commission reported that evidence existed of military complicity in the violence and disorder that ensued following the August ballot. During this time, INTERFET and U.N. investigators discovered burial sites of Timorese murdered by the militia. U.N. visits to refugee concentrations in West Timor also raised concerns regarding the role given to former militias

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in the control and coercion of these refugees. At the end of December, the Commission, having conferred in Jakarta with the members of KPP HAM, recommended to the U.N. Security Council that an international tribunal be established to try individuals suspected of war crimes and human rights violations if Indonesia failed to investigate these questions properly. However, President Abdurrahman Wahid stated that he would not allow Indonesian officers to be tried by an international tribunal as this would constitute a breach of the nation's sovereignty.[19]

Whatever the outcome, this unprecedented review of the past conduct of the military poses significant problems both for Indonesia and for its new democracy. With six generals (including General Wiranto) in his original 35-person Cabinet, the new President was clearly aiming to maintain military support, and such support remains vital, given the unrest in Aceh and Maluku threatening the integrity of the state. Yet once the KPP HAM report, released at the end of January, recommended that Wiranto and other senior military officers be further investigated for complicity in or failure to prevent the violence and destruction in East Timor, President Wahid had little choice but to suspend Wiranto, who had been serving as Co-ordinating Minister of Political and Security Affairs. This has undoubtedly alienated some elements of the military, and there are indications that a successful prosecution of any leading military figures will pose a severe test for the military as an institution. Yet with the United Nations apparently insistent that the issue of human rights abuses during the transition period be investigated in such a way as to satisfy international opinion, the question may arise of the extent to which Indonesia can afford to ignore external censure.

The UNTAET Mission and its Tasks

The INTERFET operation quickly restored a measure of security to East Timor, but was not intended or equipped to resolve the many problems of administration or reconstruction. As an interim measure, UNAMET re-established a presence in Dili on 28 September, but there being no administrative personnel or structures remaining in the territory and faced with a major humanitarian crisis, a much more comprehensive effort was required. Reporting to the U.N. Security Council on 4 October, the Secretary-General recommended that a new authority be constituted with augmented powers.[20] On 25 October, the Security Council (1272/1999) resolved to establish a U.N. Transitional Administration in East Timor (UNTAET) with executive, legal and administrative responsibility for the territory.[21] UNTAET was planned to incorporate three components: an administrative component

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(including an international police contingent numbering 1,640 officers), personnel responsible for humanitarian assistance and relief work, and a military component (of around 8,950 troops). UNTAET's mandate was extremely wide, being empowered to provide security, establish new administrative and legal structures, while simultaneously fostering the capacity of the East Timorese to govern themselves and establishing the conditions for sustainable development. Not since the formation of the U.N. administration in Cambodia had the world body assumed so many responsibilities for a given population. Unlike UNTAC (United Nations Transnational Authority in Cambodia), however, the legitimacy for the operation stemmed not from the consent of the East Timorese people but from the provisions of the U.N. Charter. Sergio Vieira de Mello, a Brasilian who had served as the Secretary-General's representative in Kosovo, was designated as the leader of UNTAET.

Two problems immediately confronted the implementation of this plan. Military forces had to be found for the security component, and funds had to be provided for reconstruction. While Australian troops were the largest group in INTERFET, their presence had generated both resentment from commentators in Indonesia and some expressions of apprehension elsewhere in the region. Consequently, while the Australian Government offered to maintain its forces in East Timor under UNTAET auspices, Canberra endeavoured to ensure that the majority of the UNTAET force would be provided by other nations and that its commanding officer would not be an Australian. In the event, Lieutenant-General Jaime de los Santos of the Philippines was designated as force commander, with Major-General Michael Smith of Australia serving as his deputy. In addition to forces from the Philippines and Australia, significant contingents for UNTAET were provided by other regional countries. The international community also addressed the need for aid to East Timor. A meeting of donor countries convened in Tokyo on 17 December pledged US$522 million for the reconstruction of the territory, with Japan providing US$100 million. This exceeded the US$300 million estimated by the World Bank to be needed for adequate reconstruction of infrastructure, health care services, and education.

UNTAET will be in existence for a prolonged period, even if not for the full two to three-year term recommended by the Secretary-General. It faces many difficulties, the greater of which are taking responsibility for the reconstruction of a devastated territory, repatriating thousands of refugees, and acting as the supreme civil authority, while requiring the co-operation of the CNRT and its leadership. Although in the past, the CNRM and then the CNRT had stated a preference for a prolonged period of transition, capacity building cannot proceed

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without incorporating the territory's indigenous political forces. According to its mandate, UNTAET exercises a plenitude of power, but without constant negotiation with the leaders of the CNRT its international personnel risk alienation from the general population whose co-operation is required if its tasks are to be accomplished. In a joint press conference on 19 November, CNRT President Xanana Gusmao referred to past incidents which amounted to a "violation" of the U.N. mandate, and UNTAET head Sergio Vieira de Mello spoke of the urgent need to build "a participatory, inclusive process that involves the Timorese, their representatives, in particular the CNRT, that has a pre-eminent role to play in decision-making".[22] Subsequently, UNTAET established a consultative panel the majority of whom were CNRT affiliates to advise on major policy issues.

In this context, it should be recalled that the CNRT and its predecessor were coalitions assembled to combat a common antagonist. The present leadership has indeed emphasized its temporary character, anticipating that political competition will emerge once the foundations of the institutions of the new nation have been laid. However, even if the CNRT does not dissolve into its components, the differences of view within it are sure to mean that UNTAET will sometimes be given conflicting advice. In an environment where there are no clear records of property and possession, public order may well deteriorate among a population dispossessed and traumatized by the destruction of their country. Consequently, even the minimal task of policing could lead to confrontations between UNTAET and elements of the East Timorese. If democratic development is delayed by FALINTIL hardliners within the CNRT, international development funds may be withheld. Vieira de Mello has emphatically rejected the notion that East Timor is now a "protectorate" of the United Nations, but his administration may not always be able to avoid acting as though it were.

An Australian Policy Innovation

Events in East Timor, and the long-term commitment that the Australian Government has now assumed in the territory, pose major challenges for the management of defence and diplomacy. The fact that the Timor venture of the Howard government constitutes a major reversal of what had been a bi-partisan policy with a long history should be emphasized.

In his meetings with Soeharto in 1974 and 1975, Prime Minister Gough Whitlam had stated a preference for the incorporation of the territory into Indonesia. The successor coalition government of Malcolm Fraser accepted the *de facto* occupation of East Timor in January 1978,

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and in the following year began negotiations with Jakarta on the delimitation of the seabed between Australia and the territory, thus registering the international legitimacy of that occupation. The visit in 1983 of the Australian Labor Party delegation, led by former Defence Minister Morrison, allowed the Hawke government to silence internal critics unhappy with the continuance of this approach. The negotiation of the "Timor Gap" treaty, gazetted in 1991, formally acknowledged Indonesian sovereignty. The denial of the rights of the East Timorese to self-determination — rights based upon international law and also upon subsequent resolutions of the U.N. General Assembly on the Timor question — was emphasized in the judgement delivered by the International Court of Justice in the case brought by Portugal against the legality of the treaty. Though there had been a vocal East Timor lobby in Australia, they had been effectively marginalized by the bi-partisan character of this policy. The 1995 Security Agreement with Indonesia, negotiated by a government pursuing not only an accelerating programme of joint military training but even intelligence sharing, underlined both the very low priority given to Timor from the bilateral viewpoint and the considered strategic judgement that close relations with Indonesia were the cornerstone of Australia's national security. In retrospect, the growing crisis in East Timor had already invalidated the assumptions that provided the foundations for this view.

In the latter half of 1998, and as a response both to the deteriorating situation in East Timor and to Habibie's initiative on the issue, the Howard government reached the decision that a new approach to the issue was required. Without reviewing the full story of the debate that led to this decision, it is evident that it became a factor in the change in Indonesian policy announced in January 1999.[23] It is noteworthy that at this stage the Australian view was that the future status of East Timor should be determined through a test of popular opinion only after a lengthy transition period. Following the May agreement, the Australian contribution to the UNAMET operation was substantial, including a contingent of civilian police (among them the UNAMET police commander) and the resources of the Electoral Commission in assembling the electoral roll and completing the ballot, along with supplies and logistics. Meanwhile, a wide-ranging Senate inquiry exposed more details of the history and character of Australia's approach to the issue.[24] The end result of this new departure, although the precise character of which was unanticipated by most of the Australian policy community, was a major intervention by 4,500 Australian troops in the territory of a neighbour, the biggest such regional commitment since the Vietnam War.

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The stated objectives of this intervention were threefold. First, a perennial problem in Australia–Indonesia bilateral relations was being addressed. The perception of Indonesia's human rights record in East Timor had been an obstacle to a more favourable public assessment of that country for a generation. Secondly, and in the light of the fact that the United Nations still held Indonesian occupation to be illegitimate, and only thirty-one countries had signalled in one way or another that it was acceptable to them, a new status for East Timor would remove perhaps the major obstacle to Indonesia playing a positive role in the world, commensurate with its size and potential. Thirdly, the intervention was a response to the very strong reaction among the Australian public that was prompted by the violence and suffering experienced by the East Timorese in the aftermath of the ballot.

Were these stated objectives attained? The evidence to date suggests that only the third of these was achieved, while there has been much hostile commentary in Indonesia on Australia's motives, and Indonesia's handling of the issue has done little to improve the nation's international standing. But while the public opinion factor was undoubtedly important, behind these objectives lay other goals and calculations, and by these measures, Australian policy is at least more explicable if not more obviously successful. The most important factor, which is hard to over-estimate, is the assuaging of guilt for the long complicity in Jakarta's policy of repression and integration. A human rights disaster unfolded on the country's doorstep, and not only was it ignored but Australia helped to train the very forces responsible for it. In addition, it is a policy in keeping with the "new interventionism", as reflected in Kosovo and the Anglo-American air war against Iraq, though of course played in a much lower key. It can also be claimed that it was in part born of the confidence generated by Australia's strong economic performance during the regional crisis. For more than a decade, Australians had perceived themselves as wallowing far behind in the wake of Asia's economic success. Despite close trade linkages with the region, the economy had powered ahead, even accelerating in 1998-99. This had bred a confidence, probably excessive and evanescent, in the resilience and value of Australia's institutions and values. In this regard, it was an implied rebuke of the approach of the previous Labor government, Prime Minister Keating being responsible for the security agreement with Jakarta and also a tireless exponent of closer engagement with Asia. This factor in turn dovetails into a wider notion that decisive action of this kind would generate respect and prestige for Australia in the region. For too long, Australia had been a supplicant in the capitals of Asia, but the Timor commitment may have changed perceptions of the nation's commitment to fundamental values.

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In Australia, the fate of the Timor issue, despite the very particular circumstances that led both to the Australian policy change and also to the INTERFET intervention, has tended to be generalized into a novel and path-breaking national approach to the region. In a parliamentary debate on 21 September 1999 on the issue, Prime Minister John Howard used the opportunity to outline some "home truths" regarding Australia's position in the region. Though not so outspoken as the putative "Howard doctrine", which (briefly) saw Australia playing a role as a "deputy" to the United States in keeping the regional peace,[25] this statement represents the most distinctive and considered contribution by the Prime Minister to foreign policy discourse since he assumed office in 1996. The first of these truths is that foreign policy needs to be based on a clear sense of "national interest" and "values". The national interest requires Australia to pursue relationships on the basis of mutual interest and to recognize "where they exist, differences in values and political systems."[26] Secondly, Australia occupies "a unique intersection — a Western nation next to Asia with strong links to the United States and Europe" and therefore commands "unique assets." In Howard's words:

> We have stopped worrying about whether we are Asian, in Asia, enmeshed in Asia or part of a mythical East Asian hemisphere. We have got on with the job of being ourselves in the region. In turn, the region has recognized that we are an asset and have a constructive role to play in it.[27]

The assets listed include the ANZUS and Five-Power Defence Arrangements (FPDA) security alliances, as well as bilateral defence cooperation programmes. The alliance with the United States is then identified as a separate (third) truth, and is described as functioning "very effectively", having helped deliver a significant U.S. contribution in this instance. Adequate defence resources are the fourth truth, and as the prevailing security climate is "uncertain", these resources are apparently insufficient, and additional expenditure is foreshadowed. The fifth and final truth is the need to take account of "the values of the Australian community", and the inference to be drawn from this is that Australia should not seek "a good relationship with Indonesia at all costs or at the expense of doing the right thing according to our own values."

Returning to the issue of Australia's regional assets, John Howard contrasts his approach with that of some commentators who maintained that under his tenure Australia would be excluded from regional frameworks and thus would never be accepted in Asia. This underestimated Australia's capacities and institutions, especially as

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demonstrated by the nation's positive performance during the Asian economic crisis:

> .. our economic, military and other credentials are respected and give us a capacity to help and constructively participate in the region. Just as we were in a position to assist our neighbours during the Asian economic crisis, so also on East Timor we have shown that we have the capacity under the United Nations to work with our regional partners in putting together a multinational peacekeeping force. It is an example of both our commitment to the region and our capacity to make a constructive and practical contribution to its affairs.[28]

On this understanding of Australian foreign policy, the Timor commitment is consistent with the national interest in two respects. Australian forces are being used in the service of international institutions and with Indonesian consent to assist the East Timorese to realize the choice they made in an internationally supervised ballot. These forces, by suppressing violence, will restore regional order and end uncertainty. But the issue of whether Australia's putative "assets" are entirely welcome in the region has yet to be clarified. Moreover, the enhanced military preparedness that would allow Australia to embark on a similar intervention in the future may conceivably be seen as a threat rather than a positive contribution to regional order. Furthermore, it would seem to be the case that the more East Timor becomes a template for future Australian policy, the less possible and acceptable will be its engagement with the neighbourhood.

Dilemmas for ASEAN and the Regional Consensus

The emergence of an independent East Timor poses unusually difficult problems for ASEAN. For a generation, the strategy of Southeast Asia's élites has been to assemble a resilient and geographically inclusive regional organization conforming to broad norms of collective and inter-state conduct. For reasons unrelated to the issue at hand, this organization is already under strain. East Timor is a further challenge to the organization's rationale and modalities.

ASEAN's posture of complete support for Indonesia's intervention in East Timor is a matter of record. Without recounting the full story, it should be recalled that according to the account of some of the participants, Malaysia assisted Indonesia in preparations for the 1975 invasion. Furthermore, apart from Singapore's abstention at the U.N. General Assembly vote on Timor in 1976, the (then) ASEAN member countries always voted with Indonesia on this issue. Vietnam did not, but this was at a time long before Hanoi's ASEAN membership.

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More recently, the Philippines, Thailand and Malaysia have all, with varying degrees of willingness, taken steps to obstruct East Timorese pro-independence meetings and gatherings on their territory.[29] The Asia-Pacific Conference on East Timor of May-June 1994 saw the Philippines, in response to pressure from Jakarta, impose entry bans on a number of participants and endeavour to have the meeting excluded from the grounds of the University of the Philippines. A meeting in July of the same year in Bangkok of the Southeast Asian Human Rights Network devoted to the East Timor issue was similarly discouraged. At the November 1994 APEC meeting, Singapore's Prime Minister Goh Chok Tong invoked ASEAN "solidarity" as a reason for de-emphasizing the issue of human rights in the deliberations of the organization, at a time when the United States was seeking to induce President Soeharto to introduce greater autonomy in East Timor. The second Asia-Pacific Conference on East Timor, convened in Kuala Lumpur in November 1996, was broken up by the UMNO youth wing, with police taking the opportunity to arrest some 66 local activists and journalists. It was left to then Deputy Prime Minister Anwar Ibrahim to justify the use of the Internal Security Act in this instance.

The 1999 crisis identified tensions between the member countries of ASEAN. At the time, Australian Foreign Minister Alexander Downer was making strenuous diplomatic efforts to assemble a "coalition of the willing" to provide the troops for the INTERFET operation, when indeed he was able to call upon the diplomatic capital amassed as a result of Australia's engagement strategy, there was some hesitation in Southeast Asian capitals ahead of Indonesian assent to the necessity for such a force.[30] It is significant that Thailand, its government in recent years an advocate of a more interventionist approach regarding the common affairs of ASEAN, made a significant contribution to the force and provided the deputy-commander (Major-General Songkitti Jaggabatara). East Timor raised the issue once again of the appropriateness of ASEAN members becoming involved in the internal affairs of a member state. The difficulty was compounded in that this "internal" matter was the cause both of a U.N. presence in the member state, and also close scrutiny of the issue from the point of view of human rights standards.

The climate was also influenced by some outspoken commentary by Malaysian Prime Minister Mahathir Mohamad. In a newspaper column, Dr Mahathir expressed the view that "the West would like to see Indonesia broken up into smaller countries" and "to frustrate Indonesia at any cost." The East Timor intervention conforms to that pattern, with Australia "the main beneficiary".[31] The tone of this commentary was in keeping with widespread media condemnation of

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Australia within Indonesia. In order to assuage unease regarding Australian intentions in the region, Canberra was careful to ensure that the role of its forces diminished as UNTAET replaced INTERFET. The execution of this strategy was made more difficult by the claim of José Ramos-Horta that as Malaysia had always sided with Indonesia on the Timor issue, Malaysian personnel would not be welcome in the territory.

Though former President Habibie and Dr Mahathir have both expressed a preference for East Timorese membership of ASEAN, the leaders of the CNRT have made it plain that they will first seek entry into the South Pacific Forum. However, from the geographic, strategic and economic points of view, East Timor is part of Southeast Asia. If ASEAN is to attract the willing participation of the new nation, this will require some critical reflection on the past record of the organization as well as some changes to its modalities. At the same time, whatever new leadership emerges in East Timor will need to set aside the unhappier aspects of its historical inheritance in order to adjust the nation's policy to its present situation.

Conclusions

The failure of Indonesian policy in East Timor led to the deployment of a major and continuing U.N. intervention in the region. The emergence of East Timorese independence has raised acute questions within Indonesia on the political role of the military, while it has also subjected the country's record to unprecedented international scrutiny. In Australia, the novel focus on the East Timor issue has overturned an important element in a long-standing strategic policy while generating uncertainty as to the manner in which engagement with the region will be pursued in the future. Within ASEAN, the East Timor crisis has led to critical reflection on the practice of non-interference in the domestic affairs of member states as well as on the question of the group's response to a situation where regional and global norms do not appear to coincide. Rarely has a country with such a small population and for long with so few friends had such a large impact.

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Malaysia's Tenth Elections: Status Quo, *Reformasi* or Islamization?

JOHN FUNSTON

Malaysian politics have been in upheaval since Dr Mahathir Mohamad sacked his deputy, Anwar Ibrahim, in September 1998. That made the 1999 elections one of the most keenly contested ever. For the first time, the ruling Barisan Nasional (BN) faced a coalition of the major opposition parties, campaigning on a common reform platform. The result was a strong win for the BN (148 of 193 seats) but a great setback for UMNO, the dominant coalition member, which lost 22 seats. Non-Malay support for the BN generally held firm, while Malays — reacting against the government's handling of the Anwar issue — shifted to the opposition. Parti Islam SeMalaysia (PAS) and keADILan (led by Anwar's wife) were the main beneficiaries. PAS, benefiting from its identification with reformasi, *emerged as the new parliamentary opposition leader, and heads state governments in Kelantan and Terengganu.*

Introduction

Initial reports on Malaysia's 29 November 1999 elections carried mixed assessments. By some accounts, the results were an overwhelming endorsement of Prime Minister Dr Mahathir Mohamad and the ruling Barisan Nasional (National Front, or BN). The coalition, according to *Associated Press* "won a resounding victory...after a year of political and economic turmoil that threatened the Malaysian leader's reign". The *Asian Wall Street Journal* endorsed this view, arguing that despite concerns over Anwar Ibrahim, the electors "chose stability over concern for political freedoms". Thomas Fuller in the *International Herald*

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Tribune, however, declared that although the election was a convincing win for the government, it was also a "striking loss" for the politically dominant party of the Prime Minister, the United Malays National Organization (UMNO). Malaysian papers also reflected this divide. The *New Straits Times* declared that "the Barisan Nasional's resounding win in the 10th general election is undisputed proof of the people's overwhelming support for the coalition"; but *The Star* headed one of its articles "UMNO's Worst Fears Come True".[1]

Another element in election assessments was the emphasis on gains made by the Parti Islam SeMalaysia. PAS, as it is known from its *Jawi* abbreviation, was nearly always described as "fundamentalist", and its gains were seen as a reflection of a problematic shift towards Islamization. "Islamists close on Mahathir" was the worried title of a *Times* article by David Watts.[2]

These different perspectives mirror a broader debate over political change in Malaysia. Do events since the onset of the Asian economic crisis in mid-1997, particularly the protests associated with the sacking of former Deputy Prime Minister Anwar Ibrahim in September 1998, represent the beginnings of political change in Malaysia, or is it politics as usual? Despite the drama of events since Anwar's sacking, many in the foreign media have concluded that Dr Mahathir remains firmly in control, and nothing has really changed. Malaysia is the exception to the regional move towards reform, seen particularly in Indonesia and Thailand. A third perspective is that focusing on the respective sides represented by Dr Mahathir and Anwar misses the point. It ignores, in the words of writer Karim Raslan, "a far deeper and more important societal shift – the increasing Islamisation of the country's majority Malay Muslim population".[3]

Elections in Malaysia are not the open, uncertain contests leading to frequent changes of government found in other polities. Electorates are heavily weighted in favour of rural constituencies, benefiting particularly Malays (hence, traditionally, UMNO), and indigenous groups in Sabah and Sarawak. The advantages of incumbency, and almost total control over the media, give government parties an overwhelming advantage. As Harold Crouch has observed: "The Malaysian electoral system could not be described as fair. It was so heavily loaded in favor of the government that it was hard to imagine that the ruling coalition, as long as it remained united, could be defeated in an election."[4]

Nonetheless, elections do have an important role. They have been actively contested every four to five years, and have generally not involved abuses such as direct intimidation or ballot rigging. Governments seek to enhance their legitimacy by securing a strong mandate — a two-thirds parliamentary majority has come to be regarded as a

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necessary minimum — and hence must demonstrate responsiveness to the people's needs. Elections are a measure, however imprecise, of the public mood. And they also impact on other political activities, including government policies, politics within the dominant UMNO, and the fortunes of UMNO rivals. Election setbacks in 1969 contributed to racial violence, emergency rule, major policy changes such as affirmative action for Malays under the New Economic Policy, and are believed to have influenced Prime Minister Tunku Abdul Rahman's decision to retire some sixteen months later. The failure of UMNO breakaway party Semangat '46 in the 1990 elections effectively ended its challenge to UMNO pre-eminence. This article focuses on what the 1999 elections tell about the current public mood in Malaysia, and speculates briefly on the implications for UMNO and government policies.

Lead-up: Fifteen Months of Living Contentiously

The fifteen months following Anwar Ibrahim's sacking have been the most dramatic and contentious in Malaysia's political history. In the immediate aftermath tens, perhaps hundreds, of thousands took part in protest meetings across the peninsula. After Anwar's arrest, demonstrations continued, particularly in the capital, Kuala Lumpur, often in defiance of police firing tear-gas and chemically-laced water. Over a thousand demonstrators were arrested. The Internet also became an arena for supporting Anwar's cause, with dozens of sites quickly emerging to present his side of the conflict. The strength of public reaction was intensified by the circumstances surrounding actions against Anwar – his arrest at gunpoint, bashing by the chief of police, widely publicized sexual allegations against him, and his highly controversial court cases.

The politics of confrontation continued throughout 1999. Thousands took to the streets in protest when Anwar was sentenced to six years jail for corruption (abuse of power) in April. Police repression was again harsh, and 118 were arrested. The final street protests occurred in September, when tens of thousands marched after reports that Anwar had a high level of arsenic in his blood — causing many to believe that the government was culpable. Police dispersed protesters with the usual tear-gas, chemical water and bludgeons, and added a new element by publicizing photographs and lists in the mainstream press of people wanted for interrogation. Dozens of arrests were made. Minor incidents of violence — including the kicking-in of a window on a TV3 car at a time when a TV3 cameraman happened to be close at hand — were repeatedly highlighted in the mainstream media. *Reformasi* supporters

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were blamed, though they blamed government provocateurs and carried pictures on the Internet that appeared to support their claims.

Besides direct confrontation in the streets, the government and the two sides sustained a bitter campaign against each other, in the mainstream press and the alternative media respectively. The latter included the bilingual (English and Malay) PAS newspaper, *Harakah*, published twice a week, smaller weekly and monthly publications such as *Eksklusif*, *Detik* and *Tamadun*, and several sites on the Internet. Internet sites in support of Anwar mushroomed, but eventually settled down to a few major ones, including *Laman Reformasi, Revolusi Nasional, Mahafiraun* and *freeMalaysia*. Established discussion groups such as soc.culture.Malaysia, and *Sangkancil*, also became important *reformasi* sources. The quality and reliability of material on the sites varied — some were of the highest quality — but they were often the first to report new developments and included vast amounts of documentary material. They provided not only political reports, but also literary satires, satirical cartoons, and poetry, as the *reformasi* movement spawned not just political protest but a cultural shift as well. BN also had its Internet sites, but these attracted more limited public interest.

Despite his detention, Anwar remained outspoken in claiming that his sacking was the result of a political conspiracy, and maintained a blistering attack on government leaders through articles posted on the Internet, interviews, court statements and police reports. Among the most telling were a series of five police reports in July, August and November, with supporting documentation, alleging corruption by Dr Mahathir and many of his close associates.

Dr Mahathir was not reticent in counter-punching, with speech after speech devoted to attacking Anwar. He was, allegedly, a "puppet" of foreign powers and institutions such as the International Monetary Fund (IMF), out to re-colonize Malaysia. He and his supporters — and only they — were guilty of corruption and cronyism. He had led the country to the brink of economic disaster by following the wishes of the IMF. He was a liar and an agitator, detained for this in 1974, and now returning to his old ways. Above all else — disregarding court warnings on the issue — Dr Mahathir repeatedly stated that Anwar was a homosexual, and an adulterer.

The various court cases involving Anwar, the Royal Commission into his bashing while under police custody, and a host of new police reports, statutory declarations and mega-dollar law suits added to tensions. There was a great deal of collateral damage from the two main court cases involving Anwar. The first case included details about "neutralization" and "turning over" tactics by the police, detailed allegations of corruption within UMNO, sensational sexual allegations,

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and strange incidents such as the appearance of a mattress in court and last-minute change of charges to reduce the burden of proof on the prosecution. The second (still unfinished) case, involving sodomy charges, saw two amendments to the date of the alleged offence. In unrelated separate cases, the two star prosecution witnesses were convicted for, respectively, bankruptcy and *khalwat* (close proximity between unmarried couples). The latter involved the alleged sodomy victim; and in what appeared to be tit-for-tat by pro-Anwar Islamic officials, his case featured the second appearance of a mattress in a Malaysian court.

These dramatic events grew out of the *reformasi* movement that had emerged in mid-1997 in response to the Asian economic crisis. In common with others in the region, many Malaysians saw the crisis as at least partly a manifestation of domestic weaknesses — the country's failure to be more supportive of democracy, justice (*keadilan*) and openness (*keterbukaan*), and to guard against the evils of KKN (*korupsi, kronyisma* and *nepotisma*). Debate over the reforms needed were widely canvassed, in both the mainstream media and alternative publications. Dr Mahathir was initially able to go along with this, but eventually — around the time of Indonesian President Soeharto's downfall in May 1998 — began to see *reformasi* as a threat to his own position. His conflicts with Anwar intensified at this time.[5]

High political drama in Malaysia, including within the ranks of UMNO is, of course, nothing new. In 1987, UMNO split in half after Tengku Razaleigh Hamzah challenged Dr Mahathir for the leadership of UMNO, and failed by only 43 votes from 1479 delegates. Tengku Razaleigh left UMNO and established his own Semangat '46 party, which formed an electoral pact with PAS and the largely Chinese Democratic Action Party (DAP) to compete in the 1990 elections. After this attempt failed, Semangat members rejoined UMNO in 1996. Many expect the current opposition to meet a similar fate.

There are, however, several differences between the 1980s and the current conflict. One is the way in which both Dr Mahathir and his policies came under review. Malaysian prime ministers have been criticized in the past, but this has nearly always stopped short of any hint of a personal attack — Dr Mahathir's widely distributed letter to former Prime Minister Tunku Abdul Rahman in 1969 being a rare exception. Anwar supporters who threw used paper drinking cups at Dr Mahathir after the UMNO meeting that expelled Anwar demonstrated a disrespect unlike anything seen before. In subsequent weeks, direct criticisms of Dr Mahathir appeared on banners held by those protesting, and on the Internet. In early 1999, Malaysia's foremost novelist, Shahnon Ahmad, published a best-selling novel with the short title of *Shit*,

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directed at the Prime Minister. Other appellations addressed to him included *Mahazalim* (the Great Oppressor) and *Mahafiraun* (the Great Pharaoh), names adopted by popular anti-government Internet sites. It was "taboo" to call Dr Mahathir such names, declared Deputy Prime Minister Abdullah Badawi.[6] That was true in the past, but in 1999 it was a taboo that thousands were willing to disregard.

Besides personal criticisms of Dr Mahathir, most of Malaysia's major institutions — including the judiciary, the police, the Anti-Corruption Agency, the Election Commission, the bureaucracy in general, and the media — came under sustained attack. So also did Malaysia Inc policies associated with Dr Mahathir and the BN government, such as mega projects, privatization, "bailouts" of selected private firms, awarding government projects without public tender, and "smart partnerships" between the government and favoured private companies. Most of these issues had been raised in past political conflicts. This time they received much broader public support, and had an outlet which they did not have previously, on the Internet and in the pages of *Harakah*.

Social divisions within the country also ran much deeper than in the past. The majority Malay community was deeply divided by these events, particularly in the Klang valley and the northern states. The pro-Anwar group gained overwhelming support from Malay youth (notably university students) and Islamic groups. Tensions were most apparent in urban areas, but in the villages individuals also began boycotting the shops and even mosques of opposing groups. This had happened before, particularly in the 1960s, but never on such a large scale. Many government employees, particularly teachers but including even sections of the military, supported the opposition. Government leaders repeatedly warned these officers not to oppose the government, and threatened (and occasionally implemented) disciplinary action against them. Non-Malays were not as involved as the Malays, but participated through non-governmental organizations (NGOs), or the DAP. Their grass-roots organizations issued several substantial memoranda, including the widely publicized "Seventeen Points".

Reflecting the depth of feeling generated by the crisis, attempts to silence government critics by harsh repression failed. Strong police action against demonstrating students in 1974, and the use of the Internal Security Act (ISA) to arrest over a hundred people in *Operasi Lalang* in 1988, quickly ended all open opposition to the government. Public respect for government authority, even if grudgingly given, was increased by these actions. This time, opposition continued in one form or another, with opposition leaders openly declaring their willingness to face arrest.

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What explains the difference between this and past crises? The depth of the economic crisis was undoubtedly part of the explanation. Malaysia experienced a severe decline in economic fortunes in 1998, the economy contracting by 8 per cent, whereas previous downturns had never gone beyond -1 per cent. A second factor was the emergence of a new middle-class, particularly Malays, who were critical of the excesses and autocratic ways of older political leaders. Many were influenced by idealistic organizations such as the Malaysian Youth Movement (ABIM), headed in its early years by Anwar. A third distinguishing factor was the government's mishandling of its case against Anwar, and the strength of Anwar's counter-attack.

The manner in which Anwar was ousted has no parallel. He was dismissed and declared guilty of homosexuality and other sexual misdemeanors by Dr Mahathir before the courts had an opportunity to hear his case. No leader before this had ever been publicly shamed as Anwar has been — contravening deeply entrenched Malay values against such behaviour. However, the charges were widely disbelieved, and the legal processes perceived as stacked against Anwar — so much so that when he was found guilty of corruption (abuse of power) in April, a Malay academician, A. B. Shamsul, commented: "Anwar has cast doubts over the system, and he has defended his character. The public sees no damage done to his public, populist persona."[7] These circumstances have ensured that Anwar has not been forgotten, unlike previous leaders who had left UMNO. Moreover, Anwar has proved a more difficult target than any of his predecessors. His charisma and influence extends beyond UMNO, and are particularly strong among youth in organizations such as ABIM. His departure from UMNO, therefore, has led to a broad social uprising against the government, and not just opposition from a section within UMNO.

Electoral Preparations

From the time of Anwar's sacking, the importance of positioning the ruling coalition in the best possible way was uppermost in the minds of government leaders. Parliament had to be dissolved no later than 5 June 2000, and elections held within 60 days. Both the ruling BN and the opposition had a number of issues to address.

On the government side, urgent changes were necessary to shore up the government's image, and address problems faced by UMNO. Dr Mahathir's appointment of Datuk Abdullah Badawi as Deputy Prime Minister on 8 January addressed widespread concern over succession if Dr Mahathir were suddenly unable to continue as leader. At the same

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time, Dr Mahathir relinquished two sensitive portfolios, Home Affairs (to Abdullah) and Finance (to Tun Daim Zainuddin), reducing the political flak directed at him personally. A further reshuffle at the end of May saw the ouster of two veteran politicians, Information Minister Dato' Mohamed Rahmat, and Culture, and Arts and Tourism Minister Datuk Sabbaruddin Chik, who were replaced, respectively, by Pahang Mentri Besar Dato' Khalil Yaakob, and Deputy Home Affairs Minister Kadir Sheikh Fadzir. At the same time, Khalil replaced Sabbaruddin in the important party post of UMNO Secretary-General. The rationale behind such changes was widely speculated on,[8] but Mohamed Rahmat had embarrassed the government earlier that month by declaring Anwar's wife unacceptable to Malays because she was "Chinese", and Sabbaruddin's health problems were seen as detracting from his capacity to oversee UMNO affairs.

The government was also forced to address the long-simmering issue of Anwar's black eye. After a long, inconclusive police investigation, the Attorney-General finally issued a statement on 5 January 1999 acknowledging that the police were responsible for some of Anwar's injuries. Tan Sri Rahim Noor, the Inspector General of Police (IGP), resigned the next day to accept responsibility, though in an institutional, not personal, capacity. Dr Mahathir then stated that the government might call for an independent commission, and announced this on 27 February. The Royal Commission commenced on 22 February and six days later the former IGP admitted responsibility. Following the commission's recommendation, he was charged with attempting to cause grievous hurt, and his trial was set initially for 20 September 1999 but later postponed to March 2000. This enabled the government to maintain that legal processes were being followed, though considerable unhappiness remained over the absence of any inquiry into a possible cover-up, the leniency of the charge (carrying a maximum penalty of three-and-a-half years jail), the absence of bail, and the delay in commencing trial. Also embarrassing for the government were commission findings that Anwar had been lucky to escape with his life, and that he was initially detained under the controversial Internal Security Act (ISA) rather than for sexual offences to avoid public knowledge of his injuries.

At the same time, the government needed to improve the economy. Currency controls imposed just before Anwar's arrest were substantially modified in February 1999, particularly by allowing the repatriation of portfolio investment according to a graduated tax, rather than impounding it for twelve months. Government spending gradually increased as elections drew closer. Malaysia also benefited from region-wide

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improvements from the beginning of 1999, and growth in international demand for electronics (which account for 60 per cent of exports). Boosted by these factors, a strong public relations performance from the National Economic Action Council (which ran the only effective government Website), and support from the once dreaded foreign financial houses and media, the economy began to rebound.[9] While many of Malaysia's top corporations remained mired in massive debts, the stock market began to rise and an economic "feel good" factor became evident.

A deadly pig disease caused panic in the first quarter of 1999, devasting the livelihoods of many Chinese farmers and traders, and resulting in around 100 human deaths before mass culling of pigs and identification of the virus brought it under control. Many aspects of the government response came under criticism, including the tardiness of its reaction, efforts to gag discussion, and even attempts to place blame on a foreign plot. But gradual easing of the problem, and agreement at the end of March to provide compensation of RM50 per culled pig (from the proceeds of a lottery), helped contain political fallout.

The other key area requiring attention was UMNO. Dr Mahathir called an Extraordinary General Assembly in December 1998, which considered constitutional amendments designed to prevent expelled members from returning to the party leadership, and making it necessary for top officials to receive strong support from party divisions before being able to contest party elections. While two divisional nominations had previously sufficed, now 50 nominations (30 per cent of 165 divisions) were necessary to contest the presidency, 33 the deputy presidency, 17 the vice-presidency, and 9 for ordinary Supreme Council members. Another important change was to allow the Supreme Council to postpone party elections for up to eighteen months. This provision, invoked in January 1999, allowed UMNO to preserve a united appearance in the lead up to national elections, and gave an opportunity for Dr Mahathir to enhance his position in the party by securing a victory for the BN.

In the following months, UMNO embarked on a massive campaign to "explain" the circumstances of the Anwar episode, both within UMNO and to the public as a whole, and to warn against the dangers of re-colonization if Malays were divided. It supplemented this by setting up a legal sub-committee to investigate and act against alleged "slander" directed at party leaders in early April, and a special committee to "oppose lies" (*menangani fitnah*) in April. In March, UMNO gained a major morale boost when it led the BN to a 31-17 seat win in the Sabah state elections. Though greatly assisted by an

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electoral redistribution favouring Muslim constituencies, and criticized by many for alleged "dirty tricks", the result was better than anticipated, and reinforced perceptions of Dr Mahathir as a master electoral tactician.

UMNO's June assembly was the culmination of this pre-campaign maneouvring. Dr Mahathir used the occasion overwhelmingly to criticize Anwar, and to warn of the foreign threat from "ethnic Europeans". A section of his final remarks was also set aside to criticize PAS, particularly Kelantan Mentri Besar Nik Aziz, and to defend his actions in the March 1997 government bail-out of his son's shipping company. In addition — as had occurred the previous year — he released details of Anwar-linked companies that had received government contracts or privatization awards. In a final piece of house-keeping, Dr Mahathir reinstated former adversary Tengku Razaleigh to a position of prominence, making him head of UMNO in PAS-controlled Kelantan state. Nonetheless, while Dr Mahathir's oratorical skills were well to the fore at the assembly, and the party endorsed his views with apparent enthusiasm, only the party loyalists were convinced.[10]

Opposition groups were no less active at this time. In the initial weeks after Anwar's sacking, opposition took the form of mass protest rallies and demonstrations. These began to quieten in the last months of 1998, and attention focused on other forms of action, including on the Internet, and strengthening the institutional basis of resistance. The Pergerakan Keadilan Sosial (Social Justice Movement or ADIL), led by Anwar's wife Wan Azizah, was launched on 10 December 1998 as the specific vehicle for pro-Anwar reformists. Its leadership was mainly drawn from non-governmental organizations (NGOs), particularly but by no means exclusively Malay Islamic groups, such as ABIM. ADIL transformed itself into the Parti keADILan Nasional by taking over an existing minor party on 4 April. By that time, opposition parties and NGOs had already held several meetings, and agreed to contest under a common *Barisan Alternatif* (BA) manifesto — the first time that all major parties had agreed to this — avoid direct electoral contests, and nominate Anwar as leader. On 2 July, the four opposition parties — PAS, DAP, keADILan and the socialist, mainly Malay, Parti Rakyat Malaysia (PRM) — declared a common programme of action focused on ten principles drawn from the Malaysian constitution. These stressed constitutional principles based on democracy and the special position of Malays, the latter to reassure Malays that co-operation with the DAP would not involve selling out their interests. References to an Islamic state were conspicuously absent in this document, PAS having agreed to drop this in the interests of opposition unity.

Opposition parties and the NGOs also launched an active campaign of *ceramah* (lectures, generally held in party offices or houses of

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sympathizers to avoid the necessity of obtaining permits for meetings of four or more people in a public place), flying party flags (not technically legal until the campaign period), producing audio and video cassettes, and manning the Internet. BA *ceramah* were often highly emotional occasions. Usually held from about 9pm after the final Islamic prayers, meetings concluded with collections for party funds, while families brought food to share with others. Participants reported Malay women handing over jewelry, a phenomenon only previously recorded during opposition to the British-imposed Malayan Union in 1946. From late January 1999, the BA also supported demonstrations combining pro-Anwar issues with others, such as increased road tolls and the "sacking" of pro-*reformasi* academic Chandra Mustafa. In April, thousands again demonstrated against Anwar's six-year jail sentence, and tens of thousands attended a protest meeting at PAS headquarters. The force of police retaliation then stopped demonstrations for some months, but the *ceramah* intensified, particularly in the northern states and around Kuala Lumpur. On 26 June 1999, eight pro-opposition NGOs launched the Malaysian Citizens' Election Watch (PERMANTAU), in an attempt to ensure that forthcoming elections would be as free and fair as possible.

With these actions on both sides of the political divide, and with party and government intelligence sources confirming party strength on the ground, BN leaders met on 5 July, and were instructed to activate the party's machinery. This traditionally indicates elections within a few weeks, as party organizations cannot be kept at a high state of readiness for too long. A series of government hand-outs to strategic sectors, and the sudden availability of money for pressing tasks, indicated that elections were being planned for August or September. However, a combination of mis-steps by the government, surprises from the opposition, and the contested circumstances of an alleged attempt to poison Anwar with arsenic, delayed the election until November.

In July, Dr Mahathir compared the Malay community unflatteringly with non-Malays on no less than four occasions. On 3 July, he criticized Malay students for having no interest in studying — unlike their non-Malay counterparts — and being more concerned with demonstrating against the government. He repeated this message on 17 and 19 July, on the latter occasion breaking down in tears at the prospects for the Malay race. On 29 July, he turned his attention to Malay academics, saying that most were not really qualified and had gained their position only because of affirmative action. At different times in the month, government leaders also spoke on plans for a federal takeover of private Islamic secondary schools (Sekolah Menengah Agama Rakyat), first mentioned by Education Minister Dato' Najib Tun Razak at the June

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UMNO assembly. The schools, which have a proud tradition of independence, were nearly all located in the Malay heartland northern states where the challenge from PAS was strongest.

Having raised the ire of Malays by such remarks, on 29 July, the government announced a controversial scheme to merge 21 commercial banks, 12 merchant banks, and 25 finance companies into 6 financial groups. The ethnic Chinese were particularly concerned, with banks controlled by their community immediately reduced from six to two. Somewhat less publicized was the promulgation of new rules restricting places of worship for non-Malays, which drew a strong protest from leaders of the Malaysian Consultative Council of Buddhism, Christianity, Hinduism and Sikhism (MCCBCHS). This same group was once more to the fore in October opposing government implementation of changes to identity cards (ICs) by including the holder's religion — changes reportedly agreed to by the government years earlier, but only implemented after the government had removed racial identification from ICs in order to promote national integration.

At about the same time, a series of police reports by Anwar shook the government. These alleged corruption by Trade Minister Dato' Rafidah Aziz (9 July), Eric Chia, head of state iron company Perwaja and a close associate of Dr Mahathir (21 July), Finance Minister Tun Daim Zainuddin (30 July), former Malacca Chief Minister Datuk Rahim Tamby Chik (20 August), and close associate of Dr Mahathir, Ting Pek Kiing, formerly head of the Bakun Dam project (12 November). In some cases, Dr Mahathir was alleged to have prevented action against the accused by the Attorney-General. Details of the police reports and supporting documents quickly appeared on the Internet, and were reported in detail in *Harakah*. NGOs also made their presence felt, with non-Malay groups issuing three detailed memoranda, including the well-publicized "17 Points" and a Citizens' Health Initiative on 26 July.

All such issues faded into insignificance with the 10 September announcement by Anwar's lawyer that a high amount of arsenic had been found in Anwar's urine in the course of a secretly conducted test. Opposition supporters immediately feared the worst, and launched a campaign, supported by large street protests, condemning the government's care of Anwar and calling for an independent investigation.

From August through to October, many government actions were specifically in response to these new problems. In an attempt to win back Malays (particularly the young), Dr Mahathir presided over the "up-grading" of the all-Malay Mara Institute of Technology to university status (though it had already attained this for some years)[11] on 26 August. He also made a rare visit to meet with students of Universiti Kebangsaan

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(National University) on 9 September, and expressed his admiration for the research accomplishments of the university. The health privatization issue was addressed with a declaration on 20 August that privatization was cancelled, permanently. On 3 October, Dr Mahathir indicated that the government could be flexible on the proposed banking merger, and before the end of the month a more palatable alternative allowing more time and not specifying the final number of financial institutions was in place. Addressing non-Malay concerns, the leading Chinese BN party, the Malaysian Chinese Association, was assigned to discuss the "17 Points" with the NGOs; and the government made a partial concession on identity cards, by removing the specification of religion, except for Muslims.

Anwar's police reports, and the arsenic problem, however, posed the greatest difficulties. Anwar's charges were addressed on two fronts. First, the documentation was alleged to contravene the Official Secrets Act (OSA), and government leaders, along with the media, represented this as a greater offence than the charges Anwar made — a strategy not without risks since it implied that Anwar's charges were indeed true. Secondly, government leaders also increased attacks on Anwar for *his* alleged financial improprieties. Dr Mahathir claimed on 3 October that Anwar was the only minister who had failed to declare his assets to him — though when this was strongly denied by Anwar, he resorted to a less categorical "as far as I know I did not see his (Anwar's) declaration".[12] On 25 October, Dr Mahathir declared that he now had proof of Anwar's involvement in money politics. Three days later, the foreshadowed proof was presented in the form of a Statutory Declaration by a former senior Bank Negara official once close to Anwar, Datuk Abdul Murad Khalid. He made several allegations against Anwar, including a RM3 billion slush fund. This produced a flurry of activity on behalf of the police, Anti-Corruption Agency, and others, in marked contrast to their cautious and low-key response to Anwar's reports, and a chorus of concern from government leaders. Murad was at the time facing financial fraud charges, his allegations were without documentation, and many were immediately challenged by people named in the declaration. But scepticism was brushed aside by the mainstream media which gave maximum exposure to the allegations and high profile endorsements of them.

Government leaders responded quickly to Anwar's allegation of arsenic poisoning. Within a day, Dr Mahathir, Deputy Prime Minister Abdullah, Trade Minister Rafidah, and the Attorney General had variously raised the possibility of food provided by his family in court being the source of contamination, questioned whether someone else's urine had been substituted, and claimed that Anwar had delayed

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releasing the results for fourteen days for maximum political effect, including an upcoming meeting of the Asia-Pacific Economic Co-operation (APEC) forum. Dr Mahathir added that political killing was not part of Malaysia's political culture — notwithstanding earlier repeated claims of people planning to assassinate him, or other government leaders. While such arguments were not convincing, and Anwar's spokespersons documented the fact that urine results had been made available as soon as received, Dr Mahathir was still making such accusations nearly three weeks later on a visit to the United States. Such a response, supported by the media which immediately focused on questions of Anwar's intentions, reflected the same defensiveness apparent in the earlier reaction to Anwar's black eye. When international tests eventually showed Anwar's arsenic levels were no longer in the dangerous region, government leaders were quick to claim complete vindication. The issue was not so simple, as medical reports did indicate that Anwar remained unwell and required further examination, and a toxicologist, writing in *Harakah*, demonstrated that laboratory results were entirely consistent with Anwar's initial diagnosis. But government vindication claims were immediately endorsed by the local and even international media.

With major problems at least reduced, the economy doing reasonably well (helped by Malaysia's foreshadowed reinstatement in the Morgan Stanley Capital International global index announced in August), and an election-friendly budget introduced on 29 October, the BN was ready for the polls. The timing was not ideal — it was the first occasion when Parliament had to be dissolved in mid-session, when important school examinations were in progress, during the wet season, and just before the Islamic fasting month. But it had the benefit of coinciding with a visit by Chinese Premier Zhu Rongji, and with the election machinery all in place any delay was an unattractive option. In addition, 680,000 future voters had registered in March/April 1999 — most, likely BA supporters — and were scheduled for inclusion in the electoral rolls by February 2000. To avoid their participation, only November was practical, because of the fasting month beginning in early December, then post-fasting festivities, and the approach of Chinese New Year in early February. A few observers were disarmed by media reports of government leaders' travel plans for that month, but Dr Mahathir's move to dissolve Parliament on 10 November was no great surprise.

Election Issues

The analysis hitherto has touched on a number of issues central to the conflict between the BN and BA. Before moving to the formal

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campaign, it is appropriate to bring these issues together in a more focused way. The one issue dominating all others was the contest between Dr Mahathir and Anwar. This has already been discussed at length, and had implications for other issues that are addressed below. Here, it need only be emphasized that the charges and counter-charges remained at the forefront of political debate for the entire period leading up to the elections. Dr Mahathir mobilized all the formidable resources at his disposal for constant attacks on Anwar, while Anwar made the most of much more limited resources to reply in kind.

Besides this battle royal, the most keenly debated issues were those relating to Islam and alleged government cruelty (*kezaliman*). There were, however, also animated exchanges over several other (often related) issues, including democracy, corruption and economic mismanagement, communal policies, and foreign policy. The framing and articulation of these issues involved a wide range of individuals and groups on the BA side, while the government position more often reflected the views of Dr Mahathir.

Islam

Islamic issues were well to the fore from the time of Anwar's sacking. Many Muslims believed that the sodomy charges against Anwar should have been tried under Islamic law. Dr Mahathir also defined the issue in Islamic terms in his first major statement after Anwar's arrest, saying "I am a better Muslim than Anwar is".[13] Both sides conducted special prayers asking God to reveal the truth (*sembhayang hajat*). Dr Mahathir and several close associates went on the Islamic pilgrimage to Mecca (*hajj*) at the end of March, in what was perceived as, at least in part, an attempt to burnish the government's Islamic credentials. Dr Mahathir also continued to express views that had caused controversy in the past, including criticizing religious leaders (*ulamak*), for getting involved in politics (both as members of PAS and by discussing political issues in the mosques) and criticizing aspects of Islamic law (particularly *hudud*, part of Islamic criminal law). Dr Mahathir also repeatedly accused the opposition of telling lies (*fitnah*), a serious offence under Islamic law. He rejected, however, claims that he was "secular" (which he said was a Western term), and claimed that Malaysia was an Islamic state. Non-Malay BN components, however, focused a great deal of effort on warning that a vote for the BA would be a vote for an Islamic state.

BA members supported the argument that the sodomy charges against Anwar should be tried under Islamic law, and took issue with Dr Mahathir on a wide range of issues. He was criticized for his frequent attacks on the *ulamak* (particularly Kelantan leader Nik Aziz, PAS leader Harun Din and former Selangor *mufti* Ishak Bahrom), his critical

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comments on Islamic law, remarks about the Prophet seen as inappropriate (a joke that the Prophet did not shave because there were no Gillete razors at the time), and his opposition to Islamic strictures on covering parts of a woman's body that should not be exposed (*aurat*). Above all, Dr Mahathir was branded "secular" because of his insistence that Islamic issues be clearly separated from politics.

Formal BA statements reiterated a commitment to the constitutional guarantee of Islam as the religion of the state, and promoting Islam as a way of life (*ad-deen*), along with freedom of worship for all. They made no mention of an Islamic state, and indeed Nik Aziz pointed out that this was not even in the PAS constitution — it had been removed many years ago and replaced with a commitment to establishing an Islamic society. Separate PAS manifestos for Kelantan and Terengganu did promise to ban gambling and limit the sale of alcohol, but party spokesmen went to great lengths to emphasize that non-Muslims had not been unfairly treated under PAS in Kelantan, with freedom of religion guaranteed and non-Muslims even allowed to continue such practices as rearing pigs. Islam was, however, the one area where differences between coalition members became apparent, with DAP leaders publicly dissociating themselves from PAS statements in favour of *hudud* and the death penalty for apostates.

Cruelty

Government actions against Anwar were at the centre of concern about cruelty. The circumstances surrounding his sacking, expulsion from the party and arrest, mentioned earlier, were at the heart of the opposition case. Pictures of the black eye were widely distributed on the Internet, and also in the report of the Royal Commission. Anwar provided a detailed account of his bashing and interrogation in an open letter published on the Internet some two weeks after his arrest. His later physical deterioration in jail, and medical tests showing a high level of arsenic in his blood, led many to fear the worst and, as noted, prompted a most defensive government response. A week before the elections, Anwar was refused a meeting with his dying brother, but allowed a brief visit to the funeral; photos of a gaunt Anwar embracing his young children would not have won the government much kudos for this act of mercy. On such matters, government leaders showed apparent indifference to Anwar's physical safety, and at the same time heaped humiliation on him — notwithstanding the strong admonition in Malay culture, including in the basic repository of Malay values, the *Sejarah Melayu* (Malay Annals), against shaming an opponent.

A number of other incidents shaped thinking on this issue. Three of Anwar's alleged homosexual partners all recounted harrowing

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police interrogations, leading to confessions soon retracted after the investigations stopped. Again, the Internet carried the details. Anwar's experiences were also, to some extent shared by DAP leader Lim Guan Eng, sentenced to eighteen months jail for defending the rights of a Malay rape victim by questioning government handling of charges against the former Malacca Chief Minister, Datuk Rahim Tamby Chik. That he could be jailed for such an offence, and the deterioration in his health during incarceration, produced a flood of public sympathy for him. The extent of this was reflected in the large multiracial reception for Lim on his release from jail in August, and his welcome on a pro-PAS Internet site as "The new hero of the people" (*hero baru rakyat* — Anwar is often described as the *hero rakyat*). Tough police action against unarmed demonstrators, including tear gas, chemically laced water and batons, were also depicted as cruel.

Government spokesmen repeatedly insisted that the actions of the former Inspector General of Police were the actions of one man and not those of the government. Dr Mahathir was reportedly disappointed that the IGP had bashed Anwar.[14] In an interview nine months later, he said he had ordered the police not to use violence or handcuffs, and argued that it would be "stupid" for a politician to do something like that.[15] Police action against protesters was described as restrained or hands off, and minor injuries sustained by a handful of police was presented as evidence of the cruelty of protesters. As noted earlier, government leaders quickly refuted claims that Anwar had been poisoned, dismissing this as a stunt by Anwar, and declaring that he was receiving VIP treatment in jail. "There is no proof that I was cruel to anyone", Dr Mahathir declared near the elections, "everything was according to the law".[16]

Democratic Restrictions

The BA made the running on the issue of democracy. Their focus was on both basic democratic rights, including freedom of speech and assembly, and the institutions underpinning democracy such as an independent Parliament, judiciary, public service, and media. Free speech and assembly were, the spokesmen argued, drastically curtailed by the use of laws such as the ISA, Police Act, Sedition Act, Official Secret's Act, and Education Act. Parliament was dominated by the executive, doing little more than rubber stamping its wishes. (Ironically, this echoed a criticism Dr Mahathir himself made in his 1970 book, *The Malay Dilemma*.) Institutions such as the judiciary, police, Attorney General, Anti-Corruption Agency (ACA), and Election Commission were all seen as subordinate to Dr Mahathir's wishes, and several detailed examples were cited by Anwar and others. Police reports submitted

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by Anwar included documents of the ACA case against politicians such as Minister of Trade Datuk Rafidah and Malacca Chief Minister Datuk Rahim Tamby Chik, recommending prosecution, but never acted on, allegedly because of Dr Mahathir's intervention. Finally, the BA pointed out that the mainstream media were all controlled directly by the government or by interests associated with the ruling BN; they either ignored the opposition or attacked it.

BN spokesmen repeatedly claimed that Malaysia was in fact very democratic, as it held regular elections. Demonstrations — a term used interchangeably with riots — were unacceptable because they were allegedly against Malaysian culture, and an illegal attempt to bring down a democratically elected government. Opposition leaders were accused of breaching the law — by, for instance, taking part in illegal demonstrations — and thereby showing their disrespect for Malaysian democracy. Dr Mahathir even accused them of threatening to close down all newspapers (quickly denied by the BA), while the government was "generous" in allowing PAS and DAP party newspapers to be sold to the public even though this was against the law.[17] Other government arguments were even more disingenuous. Dr Mahathir repeatedly declared that apart from the pro-government English-language media, other newspapers were very critical. (The main Malay papers were both owned by UMNO-linked companies and actively represented UMNO's interests. The Chinese and Indian press were also owned by BN interests, though the Chinese press was slightly more independent. Tengku Razaleigh commented in January 2000 that, "Some people feel it is an insult to their intelligence when reading mainstream newspapers."[18]) Dr Mahathir also claimed that the international press was pro-BA, and therefore the opposition had more media support than did the BN. (Foreign newspapers and other media are widely available in Malaysia, but only a small number of people make regular use of them. Moreover, foreign media were frequently sympathetic to the government.[19]) Finally, Dr Mahathir and others often asserted that the judiciary was absolutely independent, and if anything, pro-opposition, with the banning of UMNO in 1988 cited as evidence. (Dr Mahathir's legal counsel had in fact argued for UMNO's banning, to pre-empt the possibility of Tengku Razaleigh taking over the party.)

Corruption and Mismanagement

Corruption and economic mismanagement — summarized in the KKN acronym borrowed from Indonesia — was linked by the BA with Dr Mahathir's powers: loyal allies were rewarded and opponents punished, by receiving government favours or having these withheld. "UMNOputras", and other BNputras, gained the vast majority of

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government contracts and privatizations (hence the intense competition for party office). The leadership, in turn, received valuable gifts, including houses and expensive cars. Specific details of benefits received by the children or close relatives of several leaders were outlined by Anwar and other *reformasi* sources. Just before the elections, *Harakah* published lists of companies on which Dr Mahathir's two eldest sons were directors — totalling 95 in the case of Mirzan, and 74 for Mokhzani. DAP leader Lim Kit Siang also noted that according to Kuala Lumpur Stock Exchange records, Mirzan's shares were worth over RM1 billion.[20]

Besides alleged direct corruption, BA members were also critical of various aspects of mismanagement. Prestige (mega) projects, such as the Petronas Twin Towers (the tallest building in the world), the Kuala Lumpur International Airport, the Formula One car-racing circuit, the new administrative capital at Putrajaya (particularly the RM200 million Prime Minister's residence, dubbed a *mahligai* [palace] by its critics), and a RM200 million prime ministerial executive jet were all dismissed as wasteful and pandering to Dr Mahathir's personal ego. So too were projects such as the Bakun hydroelectricity dam in Sarawak, and the Sungei Selangor water catchment near Kuala Lumpur, with additional concerns expressed about environmental destruction. Privatization awards were criticized for extra costs passed on to consumers for roads, water, electricity and the like, and frequent instances of shoddy workmanship. These awards, BA spokespersons alleged, went to those with political connections, not those that were capable. There was no transparency in such areas: the government issued major contracts after private negotiation rather than through public tenders, and refused to open its books to public scrutiny. Affirmative action for Malays, such as through the New Economic Policy (NEP), had been abused to favour a select few, while basic requirements of housing, health and education for the poor were neglected. And the gap between the rich and poor continued to widen. The government's introduction of currency controls in response to the economic crisis was not opposed in principle, but rejected for being too late, and for being used to facilitate government-sponsored bail-outs of favoured companies.

The government sought to turn such arguments back at the opposition, claiming (as noted above) that Anwar and his cronies, and only they, were guilty of corruption amounting to billions of ringgit. Those alleging that others were corrupt were merely parroting the West. Anwar, as Finance Minister, approved and was involved in all major projects. Dr Mahathir said that he personally was not wealthy, as his monthly salary was only RM16,000, compared with RM30,000-40,000

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for heads of government bodies such as Petronas. Gifts given to him were handed to the state. His children were trained in business, and it was unfair to expect them to be poor just because they were the children of the Prime Minister.[21] Mega projects were appropriate, as they generated large profits, and were only embarked on within government means; they were for national pride, not his (Dr Mahathir's) own ego. Affirmative action and privatization had never been abused, as opportunities had been made available to those who were capable. Critics of millionaires created by these policies were merely jealous.

Foreign Policy

Dr Mahathir's 1999 New Year message spoke of the dangers of certain powers who were out to colonize the country, "like cockerels crowing arrogantly but with their tail feathers mired in faeces".[22] Many more statements invoked similar imagery throughout the year, as government leaders warned of foreign dangers facing the country, and made high profile speeches on the need for changes to the international financial architecture. The government, fortunately, had been alert and not succumbed to the dangers, despite the attempts of Anwar and others to bring foreigners in. Malaysia had retained its independence, had not been required to "kiss anyone's feet", and remained an admired, even envied, leader of the Third World.

International institutions such as the IMF and the World Bank were often the perceived villains in this piece, but the main country criticized was the United States. Somewhat surprisingly, therefore, in September Dr Mahathir attended the inaugural meeting of the high-powered Malaysia-U.S. Business Council in New York, which included the likes of Henry Kissinger on the U.S. side. He also addressed the U.S. Council on Foreign Relations at about the same time, calling for supporters to back the "stable and broad-based 14-party Barisan Nasional" rather than "a loose coalition of parties whose most powerful core member is the supposedly Islamic party, PAS".[23] A further issue that gained considerable attention in September was a meeting between Malaysia's foreign minister and his Israeli counterpart. A Singapore newspaper report of the meeting noted that Dr Mahathir had sent a congratulatory message to Prime Minister Ehud Baruk on his election in May, and mentioned plans for expanded co-operation[24] — all very forthcoming for a government that usually regarded relations with Israel as an extremely sensitive matter.

The BA argued that Malaysian foreign policy had been brought into disrepute by the government's handling of the Anwar case, and the inconsistency between promotion of justice and equity internationally and neglect of such issues at home. Moreover, the government did not

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practise what it preached. This had been demonstrated by events in New York in September, and the history of close military ties with the United States, dating from Dr Mahathir's conclusion of a co-operation agreement in 1984.

Communal Status Quo versus Reform

BN spokespersons were very forceful in claiming that their proven formula of racial co-operation was the only one possible. Malaysians of all races must be grateful for what the government had achieved for them. Each of the racial groups should unite behind a BN party to ensure racial harmony at home and to defend the country against foreign predators. A two-thirds majority in elections was vital to ensure racial peace was maintained. Less than that and opportunistic politicians could destabilize the country by crossing to another party, and racial uncertainties could lead to a repeat of the violence in 1969. Malays were warned that gains by the BA could jeopardize Malay pre-eminence, the bedrock of stability in Malaysia. A suggestion by Nik Aziz in early November that the BA could, under some circumstances, accept a non-Malay as a prime minister, led to loud criticism claiming that Malay pre-eminence was endangered. Non-Malays, on the other hand, were warned of alleged BA insensitivities to their culture. A strong media campaign was whipped up over keADILan's alleged covering of Chinese characters with white cloth (associated with mourning) in Taiping in June, and PAS' alleged flying of party flags as an act of disrespect next to a Chinese funeral in a small Kedah town in late July — although in each case the facts were disputed, and if any disrespect had been shown it appeared to have been inadvertent. The media also carried extensive reporting of racial conflicts in Indonesia, with the implied message that it could happen in Malaysia.

BA spokespersons urged Malaysians to reject the compartmentalization of Malaysian races, and the promotion of fear. They did not offer a radical alternative, promising commitment to the Malay "special position" as defined in the constitution, and recognition of the pre-eminent role of Malays in political affairs, but argued for less communal, more needs-based policies. Racial politics were different and less fragile than those in countries such as Indonesia, and would not be jeopardized by denying the BN a two-thirds majority.

Manifestos

Both sides issued election manifestos. The BA's was launched on 25 October, titled "Towards a Just Malaysia". It was a very detailed document, covering five broad areas: measures for a more equitable, transparent and efficient economy, notably through the reorganization

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of the privatization programme; improving the environment, including halting the Bakun dam and the Selangor River dam projects; providing more assistance to education, health and social welfare; rehabiliting Malaysia's international image; and enhancing democracy and political transparency — by freeing and having an independent inquiry into the media, providing independence for bodies such as the Anti-Corruption Agency and the Election Commission, strengthening elected institutions, requiring an annual public declaration of assets by elected representatives, and limiting tenure in office for the prime minister and *mentri besar* (chief ministers) to two terms.

The BN issued a far less detailed manifesto on 22 November, titled "Malaysia, Free, United, Successful", about one-ninth the length of its BA counterpart. This simply listed in point form "achievements" with respect to the title, focusing on claimed successes in opposing the IMF and rogue currency traders, maintaining political freedom and communal harmony, and uplifting the quality of living. The BN promised to continue with these policies and made no new promises.

The Formal Campaign

Following Dr Mahathir's 10 November call on the Malaysian king to dissolve Parliament, nomination day was set for 20 November, and elections nine days later. Elections were for 193 parliamentary seats (one more than in 1995) and assemblies in all the peninsular states (Sarawak and Sabah hold theirs separately). The short formal campaign period reflected the norm under Dr Mahathir, but holding elections on a Monday was an innovation. A likely reason for this change was the desire to avoid holding elections immediately after Friday mosque meetings.

Initial interest focused on candidate nominations. Early reports in the Malay media anticipated several new candidates for the BN and UMNO in particular, to demonstrate their commitment to change and reform. *Utusan Malaysia* predicted "drastic" changes for UMNO, with up to 40 per cent new candidates and at least four *mentri besar* expected to make way for new blood.[25] Dr Mahathir, however, who had ultimate say over all BN candidates, opted otherwise. On nomination day, some 30 per cent of BN candidates were new, but few were younger or different from the candidates they replaced, only two *mentri besar* were "promoted" to the federal Parliament, and many of the old guard were retained, including ailing, 74-year-old former Deputy Prime Minister, Tun Ghafar Baba.

BA candidates included a sprinkling of seasoned politicians from the DAP and PAS, but were generally political novices. PAS replaced

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more than half of its candidates, and in most cases BA candidates were younger and had stronger professional qualifications than their BN counterparts. KeADILan and DAP candidates included a large number of NGO activists, mainly from Islamic organizations for Malay candidates and human rights/environmental type organizations for non-Malays. Sixty-three constituencies were contested by PAS, 59 by keADILan, 47 by DAP, and 4 by PRM. In East Malaysia, Parti Bersatu Sabah (PBS) contested 17 seats and Parti Reformasi Negara (STAR) 5 seats. Unlike the BN, the BA parties contested under their own symbols and flags, since there was no time to get official approval for a common symbol. The BA contested all peninsular seats one on one with the BN, and generally worked together with the PBS in Sabah and the smaller STAR in Sarawak, thus avoiding a divided vote that had reduced opposition chances in previous elections. In total, 168 of the 193 seats were a direct BN-BA contest (occasionally with independents or minor parties as well), another 14 were between BN and PBS or STAR, 4 were BN against independents, and the BN won one seat uncontested. Only in seven constituencies did the BN face more than one of the major opposition parties.

In June, Dr Mahathir had predicted that the elections would go down as the dirtiest in Malaysian history. It lived up to that billing. The BN launched its campaign with a massive advertising attack on the opposition in newspapers and on television, prepared by an agency connected to one of the Prime Minister's sons. This began on 21 November with full page advertisements in all major newspapers, showing scenes from earlier protests in Kuala Lumpur streets, with captions such as "Don't Let Mob Rule Lead Us" and "No to violence". The following day, half-page advertisements focused on "two weeks of infamy in March" (*sic*), claiming that there had been "an orgy of burning and destroying public and private property". Later advertisements showed anti-Chinese violence in Indonesia, warned Chinese that the BA could end cultural activities such as the lion dance, and showed Wan Azizah allegedly saying that she did not trust Anwar — achieved by some misleading editing.

Dr Mahathir delivered the same message in speeches around the country, criticizing the opposition in the strongest terms and speaking frequently of riots. On 10 November, he warned of the probability that opposition parties might resort to riots because they could not win the elections. He reiterated the same point, referring specifically to Anwar, in a one-hour television interview on 16 November. Launching the BN manifesto on 22 November, he described PAS and keADILan supporters as "traitors to their race", and warned of a repeat of the 1969 racial riots should the opposition win. Dr Mahathir and other

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UMNO leaders claimed that PAS was subservient to the DAP, and would sell out Malay rights just for power. Non-Malay parties in the BN claimed that the DAP had accepted PAS' ambitions for an Islamic state, and thus would accept a country in which all Chinese cultural activities would be suppressed, and they would no longer be able to eat pork. Alternatively, the BA was depicted as an alliance of convenience only, between parties that had nothing in common.

As usual, an array of representatives of allegedly independent mass organizations, the "silent majority", suddenly materialized to express support for the BN. The MCCBCHS was included among them in a statement issued on 25 November. Two days later, MCCBCHS leaders denied such an endorsement, a correction that received rather less publicity than the original report.

BN leaders and the media also created a number of diversions. On 24 November 1999, UMNO Youth alleged that foreign embassies were supporting the BA. This was enthusiastically taken up by the media and government leaders as further evidence of BA perfidy, though the only evidence mentioned was that embassy members had been seen at BA functions and some financial assistance (unspecified) had been given to pro-BA NGOs. *Utusan Malaysia,* on 25 November, claimed that DAP leader Lim Guan Eng had said that his party would end the Malays' special position (*hak Melayu*), again leading to an orchestrated clamour of outrage. Such a statement was never made, but Lim's lodging of a police report against the paper did little to dampen the protests. On 28 November, a fake photograph of an alleged BA Cabinet was widely circulated, showing DAP leader Lim Kit Siang as Deputy Prime Minister, and reported in factual terms by the state news agency, Bernama. The following day, on the eve of the elections, newspapers carried photographs of Anwar allegedly disco dancing (dismissed as a fake by the BA), and a fake edition of *Harakah* was delivered throughout the country attempting to convince voters that PAS leaders had undergone a change of mind.

Interspersed with such activities, and often assuming even greater importance, was a concerted attempt to discredit Anwar. A videotape of "confessions" to the police by Anwar's alleged homosexual partners (all since retracted) was widely distributed in Kuala Lumpur during the campaign period. Anwar's prime accuser in his trials, Ummi Hafilda Ali, campaigned strongly against Anwar and was given extensive media coverage. Dr Mahathir spoke regularly at length on Anwar's alleged misdeeds during the campaign. He complained also that Wan Azizah was unfairly engaging people's sympathies by crying in public, and endorsed newspaper reports claiming that Anwar was a wife-beater. (Anwar was of course deprived of a platform to defend his position,

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when the judge in his court case was suddenly taken ill on the day elections were announced.) The Chinese paper, *Sin Chew Jit Poh,* did not, however, help the cause when caught out in an attempt to make Anwar a non-person by substituting Abdullah Badawi's head on Anwar's body when reusing a 1995 picture.

The BA faced enormous problems attempting to respond to this onslaught. It provided daily press briefings, and analysis on the Internet, but received little attention in the mainstream media. It also engaged in slinging mud of its own. On 23 November, one of the main Internet sites re-posted an obviously fake letter from Dr Mahathir to Israeli Prime Minister Barak, requesting election aid. As always, there were plenty of other Internet reports of doubtful authenticity.

Without access to the mainstream press — apart from a very small number of advertisements carried in a few papers — the BA was forced to rely largely on the Internet, *Harakah* and *ceramah.* It used these outlets effectively. The Internet was used particularly to expose documents about alleged BN misdeeds, and outline the major arguments that could be used against the BN, often in a simple Question & Answer format. Readers were asked to "print and distribute" such materials, and a great number did. On the ground, the opposition was generally better organized than previously, in some cases out-performing the BN's professional team. It drew on vast numbers of idealistic, computer-wielding youth, who provided services free of charge.

A large number of questions have been raised about how free and fair the elections were. As noted earlier, Malaysian elections have never been fair in the sense that the governing party makes extensive use of its control over party and state machinery, money and the media. Television and radio were used unapologetically to promote the BN and condemn the opposition; even the few minutes traditionally made available for the opposition to outline policies on public radio was withdrawn this time. Tengku Razaleigh emphasized the importance of machinery and money just before elections:

> UMNO may be split, and Barisan may appear weak. But it is [actually] strong because it is backed by the government machinery...The police and other agencies are with the government, whether you like it or not. The arm of the government reaches out right to the grassroots. It's everywhere, ever-present.... It's formidable. "You want water? We'll give you water." If the road needs mending, we get it mended within the week. Barisan has the money, the organization and the bodies... you can go to jail, be detained under the Internal Security Act, be bankrupted. Squatters can be deprived of homes, get no water supply. It's threatening, intimidating. It's real.[26]

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Several specific issues have been raised by the election watch body (PERMANTAU) and other observers of this election. The disenfranchisement of 680,000 potential voters who registered in April/May 1999 has been widely commented on: had they been mainly potential BN supporters few doubt that their registration would have been expedited. (To add to the confusion on this point, some of these individuals did turn up at polling stations and found that they were able to vote.) The Election Commission started by expressing the hope that the media would give equal treatment to the government and opposition, but never sought to enforce this, or respond to complaints over misleading BN advertising. PERMANTAU officials found electoral rolls in considerable disorder — 51 per cent of the names had no birth dates, thousands of electors had consecutive IC numbers in certain constituencies (including Dr Mahathir's Kubang Pasu), and tens of thousands appeared to be "phantom" voters. Postal votes remained a major source of contention. Numbering over 200,000, these were used mainly by the police and military, and took place without political party supervision. They were typically brought in at the end of ballot counting, and helped a number of leading government figures to clinch narrow victories. BA members also claim that the Election Commission sold them truncated versions of the electoral rolls on CD ROMs with an embedded virus. Numerous other complaints of irregularities on election day were made.[27] What difference such practices made to the final outcome is impossible to assess, though inclusion of all 680,000 new voters would likely have given the opposition a few more seats around the federal capital. All election complaints were dismissed as totally unfounded by the Election Commission.

Winners and Losers

About 71 per cent of the 9,566,188 million registered voters (registration is not compulsory) voted in the elections, only one or two percentage points below the norm. With 148 seats in the 193 House, the fourteen-member BN easily secured the coveted two-thirds majority. Dr Mahathir immediately declared it a better result than 1995, claiming that the BN had won 132 seats then before defections lifted it to 162. This analysis, duly reported in the local and international media was, however, wrong — the BN had won 162 seats in 1995, and later increased to 166. Still, even though the total BN seats declined, and the percentage of overall vote went from 65.1 to 56.5, the BN gained 77 per cent of parliamentary seats in a very strong performance. As Table 1 shows, this was a better performance than three previous elections (1959, 1969 and 1990).

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TABLE 1
Government and Opposition in the Malaysian Dewan Rakyat
(Lower House), 1959-99

Election Year	Government*			Opposition			Total Seats
	Number of Seats	Percent of Seats	Percent of votes	Number of Seats	Percent of Seats	Parcent of Votes	
1959**	74	71.15	51.7	30	28.85	48.3	104
1964**	89	85.58	58.5	15	14.42	41.5	104
1969	95	66.00	49.3	49	34.00	50.7	144
1974	135	87.66	60.7	19	12.34	39.3	154
1978	130	84.42	57.2	24	15.58	42.8	154
1982	132	85.71	60.5	22	14.29	39.5	154
1986	148	83.62	55.8	29	16.38	41.5	177
1990	127	70.55	53.4	53	29.45	46.6	180
1995	162	84.38	65.2	30	15.62	34.8	192
1999	148	76.68	56.5	45	23.32	43.5	193

* Government means the Alliance for 1959 and 1964, the Alliance and coalition partner the Sarawak United People's Party for 1969, and the Barisan Nasional from 1974.

**1959 figures are for Malaya. Similarly, 1964 figures are only for Peninsular Malaysia as parliamentary elections were not held in Sabah and Sarawak.

SOURCES: Zakaria Haji Ahmad, "The 1999 General Elections: A Preliminary Overview", in *Trends in Malaysia: Election Assessment*, Working Paper in the Trends in Southeast Asia series (Singapore: Institute of Southeast Asian Studies, January 2000), Table 1. This reference provides a full citation, but all sources ultimately are based on statistics provided by the Malaysian Election Commission.

However, these overall figures do mask three important features. First, BN support was particularly concentrated in Sabah, Sarawak, and southern peninsular states such as Johor. Popular support in these states in the parliamentary elections reached 59.4 per cent, 65.9 per cent and 72.9 per cent respectively (Table 2). The three states account for one-third of total seats, and the BN won 66 of 69 seats. The BN also recorded a clean sweep of seats in Selangor (17 seats), Pahang (11), Negri Sembilan (7), and Perlis (3), but in many cases it won seats by very narrow margins.

Secondly, non-Malays rallied behind the BN more than had been anticipated. This has been overstated in some accounts. The BN's Malaysian Chinese Association (MCA) lost two seats, while the DAP's vote did improve slightly over 1995. Chinese in the Federal Territory/Selangor region voted strongly for the BA — PAS won in Kajang (Selangor) where 54 per cent of the electorate is Chinese. But in several seats — around 15 by some estimates — Chinese votes for the BN held firm or increased, and prevented a BA win. Moreover, many analysts had expected Chinese voting to return to its "normal" level of 1990, rather than show just a small deviation from 1995 when support for the government reached its highest level ever.

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TABLE 2

1999 Malaysian Parliamentary Vote

	Valid Votes	Seats Won					Votes	%	Votes	%	Votes	%	Votes	%	Votes	%	Votes	%	Votes	%
		BN	DAP	PAS	Keadilan	PBS	BN		DAP		PAS		Keadilan		PRM		BA		PBS		Others	
Kelantan	480659	1		10	3		187102	38.9			228111		64763				292874	60.9			683	
Kedah	566076	7		8			315622	55.8	13258		171825		65371				250454	44.2				
Penang	482582	6	4		1		247870	51.4	169973		8810		54987				233770	48.4			942	
Terengganu	309642			7	1		127700	41.2			161052		20715				181767	58.7			175	
Perlis	82270	3					46236	56.2			26162		9872				36034	43.8				
Perak	748055	20	1	2			415112	55.5	156110		93454		80067				329631	44.1			3312	
Selangor	858552	17					470248	54.8	106905		95643		161575		20736		384859	44.8			3445	
Pahang	374775	11					215003	57.4	26786		81984		50711				159481	42.6			291	
Negeri Sembilan	284069	7					168185	59.2	68526		23773		23585				115884	40.8				
Malacca	234704	4	1				132803	56.6	33611		25239		43051				101901	43.4				
Federal Territory	439113	6	4				220492	50.2	116776		17111		62600		20342		216829	49.4			1792	
Johor	837992	20					611053	72.9	79200		57273		62554		27912		226939	27.1				
Peninsular Total	5698489	102	10	27	5	0	3157426	55.4	771145	13.5	990437	17.4	699851	12.3	68990	1.2	2530423	44.4	0	0.0	10640	0.2
Sabah	435752	17				3	258656	59.4	973		2244		18344				21561	4.9	141166	32.4	9124	
Sarawak	512581	28					337787	65.9	75922		2438		49774				128134	25.0		0.0	44743	
Labuan	12177	1					8687	71.3			1318						1318	10.8	2172	17.8		
Grand Total	6658999	148	10	27	5	3	3762556	56.5	848040	12.7	996437	15.0	767969	11.5	68990	1.0	2681436	40.3	143338	2.2	64507	1.0

SOURCE: Malaysian Election Commission Statistics.
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The third and most important factor obscured by the overall figures is that the result was the worst electoral setback UMNO has experienced since the first post-independence elections in 1959:

- Its parliamentary seats declined from 94 (89 elected in 1995) to 72. For the first time ever, UMNO seats were less than the total of its coalition partners.
- 4 of its ministers and 5 deputy ministers were defeated.[28] Many others experienced a massive reduction in their majorities, including Education Minister Dato' Najib (from 10,793 to 261), and Trade Minister Datuk Rafidah (10,649 to 2,774). Dr Mahathir's own majority went from 17,226 to 10,138 and his deputy, Datuk Abdullah, from 17,834 to 11,175.
- PAS retained power in Kelantan and took control of Terengganu for the first time since 1959, with massive majorities in each assembly (41 out of 43 seats in Kelantan and 28 seats out of 32 in Terengganu).
- About half the Malay vote went to the opposition.

The May 1969 election is a benchmark against which UMNO performance is often compared. As noted earlier, the substantial setback to UMNO then was followed by racial riots, a considerable re-ordering of government policies to restrict political liberty and give greater emphasis to affirmative action on behalf of the Malays, and, by some accounts, forced the resignation of Prime Minister Tunku Abdul Rahman in September the following year. In 1969, UMNO lost seven seats, considerably less than the 1999 elections. The party was then confined to the peninsula, and, to make a direct comparison, UMNO's performance dropped from 59 to 52 out of 104 seats, while in 1999 it went from 78 to 60 out of 144 seats. UMNO also retained Terengganu state. PAS' seats increased from 9 to 12 in 1969, while in 1999 they rose from 7 to 27, in addition to state victories in Kelantan and Terengganu. While the government's popular vote on the peninsula in 1969 was only 49.3 per cent, as opposed to 55.4 per cent in 1999, the explanation is not that UMNO did better, but that non-Malays provided much greater support. The MCA was the biggest loser in 1969, with its seats plunging from 27 to 13. In some respects, this makes UMNO's position even more difficult than in 1969 when both the Malay and non-Malay votes declined.

Immediately after the 1999 elections, leading Malay politicians and commentators reacted as if UMNO had lost. Senior party figures, such as Foreign Minister Syed Hamid and Dato' Najib, and *New Straits Times* Editor Kadir Jasin, all spoke of the setbacks to UMNO. Razak Baginda, of the Malaysian Strategic Research Centre, described it as "a great

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defeat for UMNO". Later he observed: "UMNO is shell-shocked at the moment. It has lost the trust and confidence of the Malays. It needs a total reformation and perhaps even restructuring."[29] These concerns delayed the appointment of the Cabinet, and state executives around the peninsula.

The BA's 42 seats, and 3 more won by the PBS, increased opposition parliamentary representation by 50 per cent. The biggest gains were obviously made by PAS, with the 27 seats double its previous best performance. Besides sweeping all before it in Kelantan and Terengganu, it won 8 of the 15 seats in Dr Mahathir's home state of Kedah. PAS has now taken over from the DAP as leader of the opposition in Parliament. At the state level, wins in Kelantan and Terengganu were supplemented by breakthrough seats in states such as Pahang (6) and Selangor (4).

In the eyes of many analysts, keADILan was a loser. Karim Raslan argues that its performance was not even as impressive as Semangat '46 in 1990. (Semangat gained 15.1 per cent of the votes, and 8 seats, while keADILan gained only 11.5 per cent and 5 seats.) "Reformasi seems dead", declared William Case, from Australia's Griffith University.[30]

KeADILan's 5 parliamentary and 4 state seats (plus one or two more contested under the PAS banner) were not a large reward for its overall vote (767,969), but it was narrowly defeated (less than 2,000 votes) in 6 parliamentary seats around the Kuala Lumpur Federal Territory and Selangor, and picked up state seats in Selangor, Perak, Pahang and Penang. Anwar's wife also polled a strong 9,077 majority in Permatang Pauh, Penang, Anwar's former seat. KeADILan's support was more widely dispersed than Semangat, which gained limited support outside Kelantan and Terengganu. And keADILan had only eight months to organize, whereas Semangat had two years. On this basis, keADILan deserves to be included in the winners rather than losers.

Besides UMNO, the other loser was the DAP, because its vote and parliamentary representation did not increase to the extent expected, and because three of its heavyweights, including founding leader Lim Kit Siang and noted barrister Karpal Singh, lost by narrow margins. The DAP did, however, achieve an increase in its percentage of votes from 12.1 per cent to 12.7 per cent, and won one more seat in the peninsula while losing one in Sarawak. A clear plus for the DAP was increasing support from Malays, perhaps tipping the balance in its favour in the Penang seats of Bukit Mertajam and Nibong Tebal.

The remaining BA component, the PRM, failed to win any seats. This was not a surprise, as it had not won any seats since 1969, despite

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occasionally gaining 30 per cent or more of the votes. This time around it came close. In constituencies contested in the Federal Territory and Selangor it was able to reduce BN majorities from 14,842 and 11,625 to 2,297 and 3,845 respectively.

Interpreting the Outcome

How is the BN victory to be explained? The short and simple answer is that the BN had overwhelming resources at its disposal, both party and state, to ensure that victory was never in doubt. The BA, by contrast, lacked all the benefits of incumbancy, faced a hostile media, and was short of both finance and skilled personnel.

A number of other factors also played a part, one being the issue of timing. Malaysia's recovery from the economic crisis was well advanced. Additionally, the *reformasi* onslaught was blunted by medical evidence that Anwar was not in immediate danger from arsenic poisoning, and Murad's statutory declaration alleging corruption by Anwar. While there were ambiguities about both issues, the media were effective in presenting them in a light favourable to BN interests.

The BN was also successful in playing on non-Malay fears, by depicting the opposition as rioters, warning that less than a two-third's majority could lead to a repeat of the May 1969 ethnic violence, and equating a vote for the DAP as support for an Islamic state because of the DAP's alliance with PAS. At the same time, non-Malay BN parties benefited from shortcomings in the DAP campaign and track record. Observers of the DAP campaign found it more constrained by financial shortages and less efficient than in the past. Many of its high profile leaders were criticized for spending too little time with constituents, and for changing constituencies.[31] Electors also complained that constituency offices to help the public with everyday difficulties did not match the service provided by BN politicians.

Finally, differences between Malaysian states were also apparent. The Anwar issue had limited resonance in Sabah and Sarawak, where local issues had much greater impact. In Johor, UMNO has traditionally been more united and stronger than other states. BN support in Johor declined by 7 per cent, only slightly less than average, but this nevertheless left popular support nearly 13 per cent higher than any other state on the peninsula. Conversely, particular circumstances in the northern states worked against the BN (see below).

How, on the other hand, is one to explain the UMNO decline, and gains made by PAS and keADILan? The answers lie largely with the manner of Dr Mahathir's sacking of Anwar and attempts to discredit him.

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At the beginning of the campaign, Dr Mahathir had rejected attempts to categorize the election as a popularity contest between him and Anwar. It is impossible *not* to categorize it, at least partly, in these terms. Dr Mahathir has never shied away from building a personality cult. In 1999, in addition to the usual adoration accorded him by the media, a CD entitled "CEO Malaysia Inc", was made of his major speeches, he featured in a fourteen-part television dramatization of his life, had an UMNO seminar devoted to "The Thoughts of Dr Mahathir", and had an album of ten patriotic songs released in his honour. (After the elections, Dr Mahathir accepted a Rotary award as Man of the Millennium.) Moreover, this was the first opportunity for most Malaysians to register their feelings on this issue, and as noted, the BN made it a focal point of its campaign.

Post-election assessments by both the BA and UMNO leaders are generally in accord with the view that BA successes were largely because of the "Anwar factor". They meant different things by this, but common to most was the acknowledgement that it was tied to the issue of *kezaliman* (cruelty). Dato' Najib said that UMNO had been unable to counter allegations of cruelty against Anwar, and noted that the last thing voters saw before entering the voting booth was a poster of Anwar with his black eye.[32] Wanita UMNO leaders spoke of women in Kelantan carrying similar posters and crying. Two constituencies in particular can be seen as test cases for public reaction on this issue. The first was in Anwar's former constituency of Permatang Pauh, where Anwar's wife won with a strong majority of over 9,000. The second involved the state seat of Hulu Kelang in Selangor. The contestants were Mohamed Azmin Ali, Anwar's former political secretary, and the incumbent Fuad Hj Hassan, an estranged former close associate of Anwar and brother of the leading police investigator in Anwar's court cases, Musa Hassan. Azmin's sister was none other than Ummi Hafilda, the main prosecution witness against Anwar, and she campaigned intensively against her brother. Azmin won by 9,185 to 8,039 votes.

The Anwar factor also made itself felt in terms of support for *reformasi*. All BA members campaigned strongly on such issues as justice, democracy, transparency, accountability and opposition to KKN. Areas in which these issues were clearly heard, particularly around urban centres such as Kuala Lumpur and Penang, registered strong swings to the opposition. While it may be difficult to disentangle support on such issues with support based on *kezaliman*, the strong campaign support provided by *reformasi*-committed young Malays, the amount of focus given to such issues, and the obvious enthusiasm with which these issues were received, make it clear that *reformasi* was an important factor in the election's outcome. The strong support in urban areas,

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and the close co-operation between the BA and the predominantly non-Malay NGOs, demonstrate that this was not a totally Malay phenomenon.

Should the Anwar factor also be linked to Islamization? Since the Mahathir–Anwar conflict was perceived so much in Islamic terms, to some extent it must. The total defeat of all the UMNO *ulamak* was a dramatic comment on Malay attitudes to UMNO's version of Islam.

Islamization certainly has been growing over the past three decades in Malaysia, much of it as a result of measures taken by UMNO-led state and federal governments. The BA benefited from this, but election gains, including those of PAS, should not be seen as an alarming move towards Islamic extremism. There are at least four reasons for this.

First, PAS has always obtained around 30-40 per cent of the peninsular Malay vote. It is too simple to attribute this to Islamic fundamentalism or extremism. Factors such as state loyalties (particularly Kelantanese statism), the importance of independent Islamic *pondok* schools in northern Malaysia (but not found, for instance, in Johor), and class differences between UMNO and PAS leaders, have all played a part.[33] Some of these factors would have featured in 1999, whether canvassed openly or not, while a new element in PAS campaigning on this occasion was its claim to a record of clean and transparent government during its rule in Kelantan.

Secondly, Malays have shown considerable sophistication in voting for PAS as a protest, when UMNO is seen as unresponsive to its needs. This was the case in the 1959, 1969, and 1990 elections, and after the first two at least UMNO was able to win back support once it had addressed problems raised during these elections.

Thirdly, a great number of the issues raised by PAS during the election campaign were not specifically Islamic. The main topics in *ceramah*, in *Harakah* and on pro-PAS Internet sites were the issues of *reformasi* noted above. The issue of an Islamic state was seldom raised in the campaign, except by the BN to scare non-Malays. Nor is there evidence that PAS won votes by offering "heaven" to supporters, a claim that surfaced only after the elections.

Fourthly, while many of the Islamic issues raised by PAS were perplexing to non-Muslims — particularly the focus on *hudud* and apostasy — these need to be understood in their overall context. PAS' stand on these issues is rejected outright by very few Malaysian Muslims. UMNO members in the Kelantan assembly voted in favour of *hudud*, and an UMNO-led government in Selangor tightened state regulations against apostasy. How any laws passed by PAS on such issues might be implemented has yet to be defined, though it is clear that the federal constitution imposes considerable limits. Moreover, PAS' campaigning on such issues must also be weighed against the party's recent willingness, for

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the first time, to establish a coalition with non-Muslims, its demonstration of a moderate approach to non-Muslims in Kelantan (more conciliatory than past UMNO administrations), and its recent successful efforts to reach out to Malay professionals. In short, PAS has shown that it is a flexible political party, one that recognizes that its future depends on working together with a wide range of Muslim and non-Muslim interests.

To summarize, the BN retained government with a strong majority because of overwhelming advantages associated with its control over party and state machinery, its considerable financial resources, and its control over the media. It used these to appeal to traditional communal fears, and to urge the electorate to stay with a tried and tested formula, an approach that had particular success with non-Malays. In this sense, the election was an endorsement of the status quo. Malays, however, deserted UMNO in record numbers, and voted for reform. Islamic issues were important because the Mahathir–Anwar conflict had been defined in Islamic terms. Nevertheless, Islamization itself was not a major election issue. PAS made gains not because it represented Islamic fundamentalism, but because it identified with the call for *reformasi*.

Implications

The 1999 Malaysian elections were another phase in the epic battle between the government and opposition played out since the sacking of Anwar Ibrahim. They gave some encouragement to the opposition. But the combination of a government returned with a handsome majority, and a major setback for UMNO, is not likely to help overcome the politics of confrontation and bitterness. The results compromised UMNO's claim to majority Malay support, hitherto the main source of its political paramountcy. A weakened UMNO has traditionally been associated with political uncertainty and crisis, seen most clearly in 1969 and 1987/88. The 1999 election also failed to strengthen any potential rival to Dr Mahathir and his deputy Abdullah who might be more inclined to move towards reform. The two former front-runners — Tenkgu Razaleigh and Dato' Najib — both disappointed, with the former failing his assigned task to deliver Kelantan to the BN and the latter being returned by a very slim margin.

This situation has been complicated further by Dr Mahathir's refusal to accept that any reforms or policy changes are necessary. The initial reaction of most UMNO leaders and pro-government analysts was to acknowledge that UMNO needed to reform and listen to the voice of the electorate. Dr Mahathir rejected this analysis, explaining the setback in terms of Malay ingratitude, lies — spread by Anwar, other BA leaders, the *ulamak*, *Harakah* and the Internet — factionalism in UMNO caused

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by Anwar, and PAS' bribery in promising heaven to its supporters. Measures initiated to shore up Dr Mahathir's position have included installing a no-change Cabinet, purging mosque officials, announcing new measures to separate religion and politics, cracking down on all pro-BA publications, invoking the Sedition Act against three top opposition leaders and the Official Secrets Act against another, retiring the country's top newspaper editor (Kadir Jasin of the *New Straits Times* and *Berita Harian*), initiating yet another loyalty campaign within UMNO, and seeking a "no contest" agreement for the top two posts for UMNO's May 2000 elections.

There is considerable disquiet within UMNO over Dr Mahathir's actions, with several party veterans speaking against the "no contest" proposal, and the media reporting strong grassroots opposition, but whether this can be translated into a challenge to either him or his deputy remains uncertain at the time of writing. Dr Mahathir's continued hold on the levers of power, his determination, and UMNO's December 1998 constitutional changes, make any challenge extremely difficult. Nonetheless, it is difficult to see any outcome from the May assembly that will not leave UMNO divided and further weakened.

Whether or not he succeeds with UMNO, Dr Mahathir's no-change stance faces a greater challenge from the country as a whole. The opposition made important gains in the 1999 elections, particularly among Malays and youth, and member parties are continuing to work as a coalition rather than going their separate ways. The institutionalization of a two-coalition system, with both led by Malays, changes the dynamics of Malaysian politics. In these new circumstances, with civil society also strengthened and information available from sources such as the Internet, traditional methods of containing dissent are unlikely to succeed. In the long run, this augurs well for democratic evolution in Malaysia. But in the short term, the "post-Anwar" politics of confrontation seem set to continue.

NOTES

1. The Associated Press report appeared in the *Sydney Morning Herald* on 30 November 1999. Other citations are from the *Asian Wall Street Journal*, 30 November 1999; the *International Herald Tribune*, 1 December 1999; the *New Straits Times*, 1 December 1999; and *The Star*, 30 November 1999.
2. *Times*, 1 December 1999.
3. Karim Raslan, "Islamic Winds of Change", *Sunday Times* (Singapore), 12 December 1999.
4. Harold Crouch, *Government & Society in Malaysia* (Cornell University Press, 1996), p.75.

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5. The dispute between Dr Mahathir and Anwar has been examined in detail in John Funston, "Malaysia: A Fateful September", *Southeast Asian Affairs 1999*, edited by Daljit Singh and John Funston (Singapore: ISEAS, 1999), pp. 165-84.
6. *Bernama*, 3 October 1999.
7. *Asiaweek*, 23 April 1999, p.24.
8. Dr Mahathir insisted that the two men had resigned, but both revealed that they had been forced to leave. By some accounts, Khalil's appointments were primarily as a counter to then Education Minister Dato' Najib Tun Razak, a political rival in Pahang state.
9. Discussed in John Funston, *Malaysia/Thailand, A Mid-Year Review: Contrasting Political Trajectories*, Working Paper, Trends in Southeast Asia series, No.4 (Institute of Southeast Asian Studies, September 1999), pp. 1-3.
10. Anwar and other *reformasi* analysts were quick to challenge the main arguments. In particular, the details on Anwar-linked companies was quickly dismissed as partial and misleading. Most awards had been made by the Economic Planning Unit in the Office of the Prime Minister, several well-known businessmen close to the Prime Minister did not appear at all, many cases involving Anwar "cronies" had them only in a minority role, and some even involved contracts awarded after Anwar was sacked. For a detailed analysis, see freeMalaysia's analysis: "Liar's Poker", 23 June 1999, at the website http://www.freemalaysia.com/.
11. The Mara Institute has been issuing degrees and even had post-graduate studies for many years. Previous policy was that it should not be named a university since this might reinforce demands for a Chinese university, which UMNO had always opposed.
12. *New Straits Times*, 7 October 1999.
13. *Utusan Malaysia*, 23 September 1998.
14. *New Straits Times*, 3 March 1999.
15. *Far Eastern Economic Review*, 24 June 1999, p.13.
16. *Utusan Malaysia*, 17 November, 1999.
17. *New Straits Times*, 11 August 1999. Contrary to these claims, the government did not allow the DAP to sell its party paper to the public. It also kept threatening to close the PAS paper *Harakah* down, and conducted intermittent raids against newsagents selling the paper, before initiating more determined action after the elections.
18. Quoted in the media statement by DAP National Chairman Lim Kit Siang in Petaling Jaya on Sunday, 9 January 2000.
19. See John Funston, *Malaysia/Thailand, A Mid-Year Review: Contrasting Political Trajectories*, Working Paper, Trends in Southeast Asia series, No.4 (Institute of Southeast Asian Studies, September 1999), pp. 1-2.
20. Media Conference Statement by DAP Secretary-General, Lim Kit Siang at DAP Penang Headquarters on Sunday, 28 November 1999, at 12 pm.
21. *Utusan Express*, 24 July 1999.
22. *New Straits Times*, 1 January 1999.
23. Dato' Seri Dr Mahathir bin Mohamad, "Malaysia's Political and Economic Priorities Today", Luncheon talk at the Council on Foreign Relations, New York, 28 September 1999 (mimeographed).
24. *Straits Times*, 28 September 1999.
25. *Utusan Malaysia*, 13 November and 16 November 1999.
26. *Asiaweek*, 12 November 1999, p.33.
27. The complaints included the following: waxed ballot papers – placed against BA candidates only – making it impossible to mark with the pencils provided; ballot papers already marked with a diagonal mark against the BN candidate, hence

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becoming a spoiled vote if a BA candidate were chosen; a hidden electoral list at voting centres, brought out only when electors complained; ballot boxes opened for counting in the absence of the candidate or his representative; ballot boxes brought in for counting unsealed; serial numbers on ballots; and a sudden power blackout in Sarawak that was followed by the defeat of 11 BA candidates who were leading up to that point. See, for instance, two articles by M. G. G. Pillai, posted on his mailing list sangkancil@malaysia.net, "Democracy, the Vote, and the Elections Commission" (6 December 1999), and "Can The Elections Commission be Trusted to Organise Elections?" (9 December 1999).

28. The ministers were: Datuk Dr Abdul Hamid Othman, Minister with responsibility for Islamic Affairs in the Office of the Prime Minister; Datuk Seri Megat Junid Megat Ayub, Internal Trade and Consumer Affairs; Datuk Mustapa Mohamad, Second Finance Minister and Minister for Entrepreneur Development; Datuk Annuar Musa, Minister for Rural Development. Deputy ministers were: Datuk Ibrahim Ali, Office of the Prime Minister; Datuk Dr Ibrahim Saad, Transportation; Abu Bakar Daud, Science, Technology and Environment; Dr Tengku Mahmud, Agriculture; and Idrus Jusoh, Entrepreneur Development.
29. See *New Straits Times,* 1 December 1999; and *Asiaweek,* 17 December 1999, p. 24.
30. "Mahathir's win is less than total", *Reuters* report by Nelson Graves, in *Bangkok Post,* 1 December 1999.
31. One observer who made this point was Michael Ong, in a private communication. Michael Ong has followed DAP campaigns since 1969.
32. *Mingguan Malaysia,* 5 December 1999.
33. On PAS history, see John Funston, *Malay Politics in Malaysia. A Study of UMNO & PAS* (Kuala Lumpur: Heinemann, 1980), especially pp.196-200.

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ASEAN and Non-interference: A Principle Maintained

ROBIN RAMCHARAN

ASEAN leaders have maintained their traditional respect for the principle of non-interference in the affairs of states, despite predictions to the contrary as human rights issues have come to the fore in Southeast Asia's politics. Calls for "constructive engagement" from within and outside ASEAN, in the light of grave human rights abuses in Cambodia and Myanmar, have ultimately gone unheeded by ASEAN leaders. This overt stance in favour of non-interference seems incongruous with a more subtle, historical approach of "actual interference" in each other's affairs. The two are reconciled thus: publicly ASEAN leaders adhere to the vaunted "ASEAN way" of non-interference while privately, behind-the-scenes, quiet diplomacy interference takes place to resolve issues causing tension between states. This practice contrasts sharply with that of Western countries, which favour intervention for humanitarian reasons.

Introduction

Since the formation of the Association of Southeast Asian Nations (ASEAN) in 1967 its members have adhered strictly to a principle of non-interference in the affairs of states. Non-interference stems from the traditional notions in international relations of equality of the sovereignty of states (from diminutive Singapore to mammoth Indonesia) and the consequent right to exclusive sovereignty. The respect for non-interference in each other's affairs has been a cardinal principle, and characteristic of ASEAN concord since ASEAN's creation. In the post-Cold War era, however, the principle has come under strain. A

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practice contradictory in this respect appeared in connection with political turmoil in three Southeast Asian states, two prospective ASEAN members (Cambodia and Myanmar), and the other a founding member of ASEAN (Indonesia). This new practice begs two interrelated questions. Is the principle of sovereign equality of states disappearing? Or, is there a qualitative change in the concept of exclusive sovereignty and the consequent non-interference?

A hypothesis which is explored in this article is that there is a qualitative change in the concept of non-interference in the sovereign affairs of another state. The quality that distinguishes the concept from its traditional sense, strict adherence to non-interference, is the notion that a state will only be considered equal in its sovereignty if it ensures minimum standards of good governance for its citizens. In other words, treat your citizens well and we can do business. An examination of this hypothesis will lead us through, first, a brief discussion of the enshrinement of the concept of exclusive sovereignty as a fundamental principle governing inter-state relations; secondly, ASEAN members' practice of non-interference; and thirdly, the forces motivating qualitative change in the principle of sovereign equality of states.

The Principle of Sovereign Equality of States and Good Governance

The concept of sovereignty is an elusive one that is hard to define. As Louis Halle notes in his foreword to Robert Klein's *Sovereign Equality Among States: The History of an Idea*:

> [I]nternational relations are determined by the myths that, as surrogates for realities beyond our comprehension, dominate our minds. The myths may represent the realities more or less truly, more or less falsely, with corresponding consequences, for good or evil, when action is taken on the bases they provide.[1]

One such myth is that of sovereignty. As Klein shows, throughout history, by a process of analogy with individual personality, the state has acquired a corporate personality. The concept of sovereignty has evolved from being a signifier of the authority of an individual ruler (king, emperor) to a signifier of the authority of the people. The Romans dealt with associations of human beings as real persons; groups of individuals acting together were said to have a single legal personality. Hobbes applied the concept of personality to the territorial state, for the most part identified with the ruler, which permitted pinning on these new political entities rights and duties towards each other. With the rise of the nation-state, the concept of corporate personality

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dominated legal and political philosophy. Sovereignty was no longer embodied in a flesh and blood ruler but in "The People". This shift in signification has paralleled the rise of the modern nation-state, which has come to be regarded as the most important political community of international political life.

The passage from individual-based sovereignty to a People-based sovereignty was also accompanied by concerns for legal and political equality of individuals. Whereas once only sovereign rulers were said to possess equality, this principle was extended, in terms of legal equality, to all citizens of a state. As Klein has noted, today all adult citizens have the same status: they can make contracts, transfer property, inherit estates, institute legal proceedings; in short, do all the acts the law permits. In terms of political equality, the American and French Revolutions ushered in an era in which no longer was government created to benefit a particular class, but instead, it encompassed the entire community of free and equal citizens. Although suffrage was restricted initially, it eventually came to include all adult citizens. The principle of the political community imbued with an equality of concern for all its citizens was also applied to the international political community of sovereign states.

The principle of sovereign equality of states was enshrined in the United Nations Charter in 1945. The Preamble equates faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women, and of nations large and small. Article 1 (2) declares that a major purpose is to develop friendly relations among nations based on the principle of equal rights and self-determination of peoples. Article 2 (1) stipulates that the United Nations is based on the principle of the sovereign equality of its members. Membership is open to states (Article 4, para.1) and the General Assembly shall consist of all members of the United Nations, each with one vote.[2]

As Klein has noted, however, the juxtaposition of the equal rights of men and women with those of nations, large and small, raises a perplexing question of priorities. The concept of a state's inviolable personality and its sovereign equality with all other states serves to condemn outside meddling on behalf of the personality, and equal rights of individual human beings.[3] As F.H. Hinsley has noted:

> The concept of sovereignty... is a principle which maintains no more than that there must be a supreme authority within the political community if the community is to exist at all, or at least if it is to be able to act its character and circumstances require it to do. It may be well only too easy to slip from this proper interpretation into that

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> improper or absolutist use of it which has been so prevalent in recent times... Yet it remains the case that to make this transition is to misunderstand the function of sovereignty; and it is equally the case that a misunderstanding of the concept on the part of those who have questioned its validity, their acceptance of the misuse of it by those who have distorted its true meaning in the interests of power, has been a second powerful factor behind the increase of moral disapproval.[4]

This raises the spectre of intervention by outside powers, great and small. Prior to and since the advent of the United Nations Charter, interventionism by the big powers in the affairs of sovereign states has continued unabated, for a variety of reasons (the interests of great powers being a case in point), which are too numerous to elaborate upon here.

One of these is the international human rights movement, which, during the past fifty years, has posed a powerful challenge to the exclusive sovereignty of states. The Universal Declaration of Human Rights, adopted and proclaimed by U.N. General Assembly Resolution 217 A (III) of 10 December 1948, established clear, universal standards by which members of the international system must treat their citizens. The preamble notes that it is essential, if man is not to be compelled to have recourse, as a last resort, to rebellion against tyranny and oppression, that human rights should be protected by the rule of law. Among the corpus of rights enumerated in the Declaration and subsequent conventions are: the right to freedom of opinion and expression (Article 19), the right to freedom of peaceful assembly and association (Article 20), the right to take part in the government of his or her country, directly or through freely chosen representatives, the right of equal access to the public service of his or her country, and the will of the people shall be the basis of the authority of government expressed through periodic elections (Article 21).

The power of the universal appeal of human rights is such that the Netherlands Ministry of Foreign Affairs acknowledges that the days are past "when the field covered by international politics was restricted to relations between states... the elementary interests of the individual, even his relationship towards his own government, have become a major item of concern."[5] Thus, matters of internal governance, once the exclusive preserve of national governments, have become an international concern. Policy-makers and scholars also increasingly argue that, "[t]he obligation of the state to preserve life-sustaining standards for its citizens must be recognized as a necessary condition of sovereignty."[6] With massive human rights violations in Rwanda, the former Yugoslavia, Kosovo and East Timor on his mind, U.N. Secretary General Kofi Annan argued at the opening of the U.N. General Assembly

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in September 1999, that the U.N. Security Council could not sit back and do nothing when gross human rights violations occurred:

> [M]assive and systematic violations of human rights – wherever they may take place – should not be allowed to stand.... If States bent on criminal behaviour know that frontiers are not an absolute defence, if they know that the Security Council will take action to halt crimes against humanity, then they will not embark on such a course of action in expectation of sovereign immunity.[7]

U.S. President Bill Clinton, in his address to the last U.N. General Assembly of the century, endorsed Annan's warning that countries' national sovereignty will protect them from intervention to stop flagrant violations of human rights, but the way the international community responds will depend upon the capacity of countries to act, and on their perception of their national interests. "That is proper so long as we work together, support each other and do not abdicate our collective responsibility".[8] In other words, he was laying the ground work for bypassing the United Nations. Other states disagree on the latter point but agree with the interventionist spirit. The French Prime Minister echoed this sentiment:

> We must defend the principle of intervention by the international community, under U.N. auspices, to bring relief to the victims. The United Nations mission is not limited to the settlement of conflicts among states.... This mission extends to defending human dignity within each State where necessary – as the Charter permits – against States.[9]

British Foreign Secretary Robin Cook noted the international community's responsibility to act when confronted with genocide, mass displacement of people, or major breaches of international humanitarian law.

That the absence of sovereignty within one state may have a negative impact on regional peace and security has long been recognized by the members of ASEAN. In ASEAN terms, there is a link between regional resilience and national resilience.[10] However, the policy of the ASEAN states has been to give primacy to non-interference as a means of achieving national resilience. In the past few years it seems as if this principle has come under challenge within ASEAN. Or has it?

ASEAN and the Principle of Non-Interference

The principle of non-interference is pervasive in ASEAN documents. The founding Bangkok Declaration of 1967 indicated a desire for regional co-operation in the spirit of equality and partnership and for regional

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peace and stability through respect for the principles of the U.N. Charter. The Zone of Peace, Freedom and Neutrality (ZOPFAN) Declaration of 1971 recognized the right of every state, large or small, to lead its national existence free from outside interference in its internal affairs as this interference would adversely affect its freedom, independence, and integrity, and declared that the neutralization of Southeast Asia is a desirable objective. Article 2 of the Treaty of Amity and Co-operation, adopted at ASEAN's first Heads of Government Summit in 1976, enshrined a number of principles governing ASEAN states, among which are: mutual respect for the independence, sovereignty, equality, territorial integrity and national identity of all nations; the right of every state to lead its national existence free from external interference, subversion or coercion; and non-interference in the internal affairs of another. Article 11 stipulates further that member states shall endeavour to strengthen their respective national resilience in their political, economic, socio-cultural, as well as security fields in conformity with their respective aspirations, free from external interference as well as internal subversive activities in order to preserve national identities.

The strong attachment to this principle must be understood against the background of several facts: the history of colonial intervention in Southeast Asia; great power military intervention during the Cold War; and the emergence of post-colonial nation-states in Southeast Asia, whose interstate disputes (many of which are territorial in nature) were compounded by internal problems (communist subversion, secessionism and communal strife) which had no regard for territorial frontiers. It served ASEAN well as it helped to establish a semblance of a security community, hailed by the late 1980s and early 1990s as the most successful to emerge from the Third World. Consensus decision-making, quiet diplomacy and confidence-building measures, and strict adherence to the principle of non-interference, have contributed to the ASEAN success story, or what Michael Leifer has called a diplomatic community.[11]

The aftermath of the Cambodian conflict (and the end of the threat from communist Vietnam) was a crucial impetus to ASEAN solidarity that members sought to build on the reigning peace to ensure the continued economic growth they had enjoyed for over two decades. A common security concern — perceived Chinese hegemonic ambitions in East Asia — increased the urgency of achieving and consolidating complete regionalism. This concern, the uncertainty over the emerging balance of power in the region, and a desire not to be sidelined by other regional organizations (such as a U.S.-favoured Asia-Pacific Economic Co-operation, or APEC) prompted ASEAN leaders to place

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security explicitly on the ASEAN agenda in the Singapore Declaration of 1992. Member states championed ASEAN's own annual Post-Ministerial Conference (PMC) — which is held immediately after the annual ASEAN Ministerial Meeting (AMM) with ASEAN's Dialogue Partners (Australia, Canada, China, the European Union, India, Japan, South Korea, New Zealand, Russia, and the United States) — as the forum for the management of an evolving security architecture in the Asia-Pacific. The resulting norm-driven ASEAN Regional Forum (ARF)[12] was decided upon in 1993 and held its first meeting in Bangkok in 1994. Though the ARF has been criticized as an imperfect solution to the region's security problems, it has the merit of including all of the world's great powers. Moreover, it has successfully engaged Vietnam, ASEAN's former foe, in a security dialogue not only with the ASEAN states but also with Vietnam's ancient rival, China. Vietnam became a member of ASEAN in July 1995.

The expansion of ASEAN membership to encompass the ten states of geographical Southeast Asia was seen as a key means towards achieving the objective of regional peace and security. Moreover, the successful economies of some countries in ASEAN — Singapore, Thailand, Malaysia and Indonesia — had reached a phase where accumulated capital could usefully be invested in neighbouring countries to take advantage of the cheaper labour as well as to foster hitherto non-existent economic co-operation.

Non-interference Under Strain

Myanmar

It was the prospect of expansion of membership to include Myanmar (Burma) that caused much concern and posed a challenge to the principle of non-interference. Heavy pressure was exerted on ASEAN by international human rights groups and the Western powers not to grant any legitimacy to the then State Law and Order Restoration Council (subsequently renamed the State Peace and Development Council or SPDC), which refuses to recognize the overwhelming victory of Aung San Suu Kyi's National League for Democracy in the national elections of 1990. Instead, the military junta placed the daughter of Aung San, Burma's illustrious independence leader, under house arrest. Despite pressure from the United States and the European Union to restrict economic relations with Myanmar, ASEAN leaders, at the 1991 ASEAN Ministerial Meeting, chose a policy of constructive engagement with Myanmar. The hope was that Myanmar's internal human rights situation would improve so that membership in ASEAN might proceed smoothly. Moreover, Thailand hoped for a resolution to the nagging security

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problem along its border with Myanmar. The *tatmadaw* (Myanmar armed forces) regularly crosses the Thai border in pursuit of opponents to the SPDC. The expulsion of the Karen National Union (KNU) from their headquarters in Manerplaw in 1995 added to the pressure as thousands of refugees came flooding across the border. The refugees conduct incursions into Myanmar, provoking responses in kind from the *tatmadaw*. In the first half of 1998, some forty *tatmadaw* incursions occurred. As Carlyle Thayer has noted, constructive engagement was a complete failure and by 1996 the human rights situation was abysmal, the year being judged to be the worst for state abuses.[13] Nevertheless, the sanctity of the principle of non-interference was preserved by ASEAN, which decided in favour of membership for Laos and Myanmar in July 1997.

Cambodia

In sharp contrast, membership for Cambodia was postponed at the same time as a result of internal political turmoil in that country. Second Prime Minister Hun Sen initiated a violent process of leadership change in Cambodia in early July 1997, putting an end to the coalition government which had resulted from U.N.-administered elections in 1993. The ouster of Prince Norodom Ranariddh threatened to destroy ASEAN's success of the 1980s and early 1990s. Prince Ranariddh and opposition leader Sam Rainsy were forced into exile.

ASEAN's reaction to the coup was to express deep regret, to suspend Cambodia's admission, to demand an immediate cease-fire, and to call upon Hun Sen and Prince Ranariddh to resolve their differences peacefully while respecting the 1991 Agreement on a Comprehensive Political Settlement to the Cambodian conflict. A special meeting of ASEAN foreign ministers on 10 July 1997 concluded with a declaration which reaffirmed the principle of non-interference, but offered the Association's good offices to the Cambodian parties. Foreign Minister Ung Huot indicated to the Association that Cambodia would appreciate such efforts and paved the way for the ASEAN troika — the Philippines, Indonesia and Thailand — to attempt to broker a deal with the Hun Sen government. Thai Foreign Minister Prachuab Chaiyasarn was appointed the main interlocutor for Prince Ranariddh, and Indonesian Foreign Minister Ali Alatas was designated Hun Sen's chief interlocutor.

However, Hun Sen was highly suspicious and un-cooperative. Contrary to the stipulations of Ung Huot, he accused ASEAN of interfering in Cambodia's internal affairs at the troika's first meeting on 19 July 1997. Hun Sen backed down after the Association made it clear that ASEAN had survived without Cambodian membership for thirty years. Ali Alatas sought a written invitation by Hun Sen for follow-

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up meetings with the troika. At a subsequent meeting, the key issues raised were: the continued hostilities between loyalists of Ranariddh and Hun Sen, the organization of free and fair elections, and the restoration of a coalition government. As Jurgen Haacke has noted, despite having prevailed over Hun Sen, ASEAN was politically damaged by the encounter. The immediate task for ASEAN was to reconcile its renewed overt involvement in Cambodia's domestic political process with its principle of non-interference.[14] Intervention by the Japanese Government led to an agreement and the exiled leaders returned to contest internationally observed elections.[15] Hun Sen's incumbent and arguably better organized Cambodian People's Party (CPP) won the majority of seats, though not enough to form a government in its own right under the constitution. Despite allegations of fraud, ASEAN was inclined to accept the election results because of the high voter turn-out, secrecy of the ballot box, and the generally fair counting.[16]

The Haze

The trans-frontier effects of environmental disaster in Indonesia — the "haze" — has also tested the principle of non-interference. The "haze" has been the result of the burning of wide areas of land by Indonesian agricultural-industrialists to create plantations for pulpwood, oil palm and rice. Satellite evidence has shown that most of the fires were started on large land-holdings and plantations which were run by large conglomerates, many with international and regional investors, and not small-scale indigenous farmers as the Indonesian Government had stated.[17] Simon Tay, a nominated member of Singapore's Parliament, lays the blame for the fires squarely on the failure of the Indonesian system to enforce its own laws and regulations, and to manage its resources so as to pursue sustainable development.[18] For Tay, the "ASEAN way" which prescribes non-intervention in the internal affairs of Indonesia is a misconceived notion, for the haze is not an internal matter and international law holds that a state is responsible for trans-boundary harm that results from activities on its territory, or is carried out by the state or within its control. In 1997, the haze blanketed Indonesia, Singapore, Brunei, Malaysia, parts of Thailand, and the southern Philippines.

Indonesian officials took a nonchalant approach to the problem initially, seeing it as a domestic and not a regional matter, Jakarta being exempted from the effects. The scope for action by those responsible for environmental matters, who may have recognized the urgency of the problem, appeared to have been circumscribed by ties between Indonesia's leadership and entrenched business interests.[19] The haze generated concern not only for environmental and health reasons, but

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also for its economic impact in the form of a significant drop in tourism revenue. Described as one of the world's worst environmental disasters, between 800,000 and 4.5 million hectares of forests and bush were burnt in the 1997 fires, and another 395,000 hectares of forest and ground cover were destroyed in 1998. The economic damage in log and timber destruction was estimated at US$912 million. Some US$1.4 billion was lost in increased health care costs and foregone receipts in tourism.[20] For trade and tourism-oriented Singapore, the World Wildlife Fund for Nature estimates that the haze in 1997 caused US$8.8 million in short-term damage to health. Singapore's tourism was set back by US$8.4 million. Changi Airport and Singapore-based airlines lost some US$6.9 million in revenue.[21]

Furthermore, the corporate standing of ASEAN was damaged as it proved incapable of dealing with the problem effectively. As Simon Tay has noted:

> The fires have implications for regional and inter-regional politics too. The ability of ASEAN to react to the fires, or their inability do so, will test the working relationship between the member states and affect the grouping's credibility in the eyes of others. Given the global implications of the fires to biodiversity and global warming, the ability and commitment of the international community and of international institutions is also tested.[22]

Since its first foray into environmental issues in 1978, ASEAN has made moderate progress. The undertakings to date have been geared towards co-operation between national institutions, rather than the creation or strengthening of any regional institution as a central hub for policy-making or implementation. After a haze in 1994, ASEAN environment ministers agreed on a Co-operation Plan on Trans-boundary Pollution in June 1995 to deal with atmospheric and other forms of trans-boundary pollution. Efforts were to be made at the national and regional levels. At the national level, each country undertook to establish focal points and enhance national capabilities to deal with forest fires. Countries agreed to share knowledge and technology on the prevention and mitigation of forest fires. While the Co-operation Plan has the merit of recognizing the region as a single eco-system and the common interest in reducing or avoiding a recurrence of the haze, its failure was in its implementation, or lack of it. The 1997 fires pointed to the lack of follow-up. ASEAN Environment Ministers agreed in December 1997 to a Regional Haze Action Plan which aimed to prevent land and forest fires, to establish operational mechanisms to monitor fires, and to strengthen regional fire-fighting capabilities. The primary emphasis has continued to be on national plans and capabilities. However, a procedure

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was established for pooling of resources for regional fire-fighting efforts. A review of the Plan in April 1998 resulted in two Sub-regional Fire-fighting Arrangements for Kalimantan and for the Sumatra and Riau provinces in Indonesia. Doubts prevailed, however, over the ability of ASEAN as an organization to make up for the deficiencies of the Indonesian national system. This was primarily due to the ASEAN norm of non-interference in the domestic affairs of member states and the dominant role that Indonesia plays in the grouping.[23] For Tay, non-interference cannot be maintained as an icon in the face of ecological disaster that knows no boundaries.[24]

The Singapore Government, which had previously complained about the problem of haze from Indonesia, raised the issue in the time-honoured ASEAN way, through quiet diplomacy with Jakarta. President Soeharto took the unprecedented step of apologizing for the haze and instructed his bureaucracy to co-operate with his ASEAN partners in combating the forest fires. Singapore offered to provide technical assistance with a view to gathering relevant meteorological information, including satellite imagery.

Whither the Principle of Non-Interference?

The cases of Myanmar and Cambodia have severely tested the principle of non-interference in the affairs of ASEAN member states. In Myanmar's case, constructive engagement was upheld, despite strong international pressure, for various reasons.[25] Firstly, a most important concern, shared with India, was the close relationship between Myanmar and China. As Robert Taylor has noted, "concern about the growing power of China in Southeast Asia ... led to renewed Asian interest in Myanmar's strategic position at the hub where China, South Asia and Southeast Asia meet."[26] The ASEAN states, notably Vietnam and the Philippines, are wary of alleged Chinese attempts to secure naval access to the Indian Ocean via Myanmar. The latter's membership came in the wake of a Chinese incursion onto the Philippine-claimed Mischief Reef in the South China Sea. The Philippines and Vietnam are particularly concerned about China's intentions *vis-à-vis* ASEAN. Japan, which encouraged the policy of constructive engagement, is also concerned about Chinese influence in Myanmar.

Secondly, ASEAN may have calculated that the regime in Myanmar is there to stay and will not likely be displaced over the medium term. The unconditional release, after almost six years of house arrest, of Aung San Suu Kyi on 10 July 1995, indicated a more accommodating regime in Yangon.[27] Aung San Suu Kyi, rather than calling her supporters to arms, called for a dialogue with the regime.

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Thirdly, the Myanmar state seems to be on a more secure footing as internal secessionist movements which have plagued the country since independence have slowly but surely dissipated.[28] Agreements have been concluded between the major secessionist groups and the ruling regime towards ending the various insurgencies. Resistance by the minority Karen, concentrated in the south, was crushed by January 1995 when the town of Manerplaw, the home of the opposition National Coalition Government of the Union of Burma and under Karen control for forty-seven years, fell into Yangon's hands. In February 1995, the defeat of the Karen National Union was marked by the fall of Kawmoora, the last Karen base. The Karen were forced into peace talks and into giving up their fight for political autonomy. The Chin, another major indigenous minority of Tibeto-Burmese origin which never assimilated with Burmese Buddhism, have fought for political autonomy since independence. Their cause has become increasingly difficult in the 1990s as the *tatmadaw* has been able to disrupt their logistical support and to reinforce its own counter-insurgency capabilities. The secessionist Kachin, a minority tribal group of Tibeto-Burmese linguistic affiliation in the northeastern uplands of Myanmar, have rebelled against the central government since the advent of military rule in the early 1960s. The rebellion lost momentum in the early 1990s and on 1 October 1993, a peace agreement was signed between the Kachin leader, Major-General Zau Mai and Myanmar's intelligence chief, Lieutenant-General Khin Nyunt. A subsequent accord and a formal cease-fire between the two sides in Mytkyina in Kachin State was signed in February 1994. The Shan indigenous minority, adherents to Theravada Buddhism, inhabit a plateau in eastern Myanmar which borders China, Laos, and Thailand. They mounted a separatist challenge to the central government from 1959 onwards, following attempts to remove the powers of their traditional leaders. Their movement faltered by 1989, when a cease-fire agreement was reached with Yangon. The Shan State Nationalities Liberation Organization formally abandoned its armed struggle against the government in October 1994. Insurgent activity continued under drug baron Khun Sa but his Mong Tai Army (MTA) split and a separate Shan State National Army resumed the insurgency. The government scored a victory in January 1996, after a deal was made with Khun Sa and the MTA. Some 15,000 MTA troops surrendered and Khun Sa was flown to Yangon for interrogation. Finally, the Rohingyas, a Muslim minority from the Arakan region, descendants of Arab and Persian traders, were forced to seek refuge in newly independent Bangladesh in the late 1970s, following a government campaign disguised as a search for illegal immigrants. Muslims in Arakan had risen in abortive revolt with other ethnic minorities at the time of independence in 1948 because

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of the government's refusal to consider their political autonomy. Harassment continued until a third exodus in 1992, when some 300,000 fled. This raised the ire of those ASEAN governments with major Muslim communities, such as Malaysia, Indonesia and Brunei. A process of repatriation of the Rohingyas was begun in September 1992.

Fourthly, is the desire to create an economic community in Southeast Asia. ASEAN leaders decided in 1992 to create an ASEAN Free Trade Area (AFTA) by 2003. AFTA was created against the backdrop of a then faltering Uruguay Round of the General Agreement on Tariffs and Trade (GATT) and the perceived emergence of huge, protectionist trade blocs. ASEAN has always been a tool for bargaining power *vis-à-vis* the great powers and adding one more voice, Myanmar, despite its pariah status, was the intention. As of September 1999, the rest of ASEAN was the largest trading partner of Myanmar. Bilateral trade figures totalled US$1.9 billion dollars in fiscal 1998-99. ASEAN accounted for 44.66 per cent of Myanmar's total foreign trade of US$3.9 billion. Singapore has the largest bilateral volume, followed by Thailand, Malaysia, and Indonesia.[29] Myanmar's other major trading partners are China, Japan, South Korea, the United States, and India.

Fifthly, some countries in ASEAN were by then blessed with surplus capital which they were looking to invest, and were haunted by rising labour costs. This was true of Singapore in particular, whose economy is the most interdependent on the rest of the ASEAN region and which has pursued a policy of creating an "external wing" for its economy. This has basically meant seeking outlets for Singapore's surplus capital and for Singaporean-owned small and medium-sized enterprises which are eager to participate in the city-state's external economic initiatives.

Sixthly, the ruling regime in Myanmar has since the late 1980s offered some incentives to foreign investors which ASEAN states sought to take advantage of. In November 1988, the regime passed The Union of Myanmar Foreign Investment Law which provides as follows:

- 100 per cent equity ownership by foreign investors;
- joint ventures with foreign participation of at least 35 per cent of equity;
- foreign investors can freely repatriate profits and assets with unequivocal government guarantee against nationalization and expropriation; and,
- various tax incentives including tax relief of 50 per cent for exports, and customs duty exemption on capital goods and raw materials during the construction period.[30]

Seventhly, Western pressure may have seemed hollow when the world's superpower caved in to the appeal of the Chinese market at

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the expense of its much-vaunted human rights concerns. The growing appeal of markets at the expense of human rights among Western countries can be discerned when one looks at Foreign Direct Investment (FDI) figures for Myanmar. As of October 1994, for example, approved investment from the United States totalled US$203.19 million, compared to Singapore's leading figure of $293.35 million (mainly in tourism and manufacturing).[31] U.S. policy pronouncements towards Myanmar merely encouraged the ASEAN states to admit Myanmar. Despite U.S. condemnation of the Myanmar regime's human rights record, at a gathering of corporate executives at the Asia Society in March 1995, then Deputy Assistant Secretary of State Thomas Hubbard noted:

> Our policy is neither to encourage nor discourage investment. It is our practice to brief prospective investors on the documented violations of human rights and to caution them on the political risks of doing business in a situation where a repressive government rules without effective institutional constraints...[We] see little prospects of winning the multilateral support that would be needed to bring effective pressure on the Burmese regime.[32]

Companies and countries are eager to tap the rich energy-related resources of Myanmar. UNOCAL, for example, has ventured into Myanmar since 1990. In 1993 it joined a consortium developing the Yadana (43 miles offshore from Myanmar, in the Andaman Sea), which has reserves of more than 5 trillion cubic feet of natural gas. This gas will be shipped via a 416-mile pipeline to a power-plant operated by the Electricity Generating Authority of Thailand at Ratchaburi.[33] The prospects of sanctions on Myanmar having any effect seemed dim to Hubbard:

> The recent adoption by consensus of the fifth annual General Assembly Resolution on Burma demonstrated that the international community continues to demand respect for internationally recognized human rights. However, the manner in which these views are expressed varies. European nations, along with Australia and New Zealand, have generally joined us in the effort to exert strong pressure for change, although most maintain ambassadors in Rangoon and have been more aggressive than we in promoting trade and investment. The ASEAN countries and Japan have generally favored greater economic and political engagement – what the ASEANs have called "constructive engagement". In part this stems from their genuine conviction that reform can be more effectively pursued through engagement than through efforts to isolate Burma. However, there are other calculations as well. Thailand, for example, attaches great importance to peace on its borders and has wanted to encourage SLORC efforts to negotiate peace with the various ethnic groups. The recent action against the

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> Karen has, of course, shaken Thai confidence that its borders can be freed of violent conflict or that SLORC will even respect its borders. Many nations of the region believe that Western efforts to isolate Burma will leave an open field for Chinese trade and influence. China has for some time been Burma's leading arms supplier, and its presence in Burma is growing. Finally the Asian countries have strong commercial interests in Burma.[34]

Eighthly, the personal relationship between Ne Win and Singapore's Senior Minister, Lee Kuan Yew, is not to be discounted as a factor in Myanmar's admission into ASEAN. As an elder-statesman and founding father of ASEAN, Lee's importance in Singapore, where he continues to exert great influence on the policy-making process, and the region, is not negligible. Ne Win, leader of the 1962 military coup, despite stepping away from active politics in the late 1980s, continued to exercise a powerful influence on military and political life in Myanmar. The close connection between the Singapore leadership and Ne Win is demonstrated by the fact that one of the latter's extremely rare public appearances was to undergo medical treatment in Singapore in 1993. Singapore, as seen above, is keen to do business with Myanmar.

Finally, a psychological factor: the ASEAN states are eager to achieve what they call "complete regionalism". The states have been keen to take advantage of an unprecedented era of peace in the region, in the wake of centuries of great power interventions, to integrate the geographical entity known as Southeast Asia into one geopolitical entity.

Cambodia's strategic significance was less than Myanmar's at the time when its membership was considered along with Laos and Myanmar. Jusuf Wanandi, of Indonesia's Center for Strategic and International Studies, could afford the luxury of arguing in June 1997 that ASEAN should make an exception to the principle, though it should be in the ASEAN way.[35] In July 1997, Malaysia's Deputy Prime Minister Anwar Ibrahim called for "constructive intervention" in Cambodia, arguing:

> ASEAN should accept the dawning reality that with the entry of new members, which include some of the poorest countries in the world and which are distinguished by their political and social underdevelopment, new problems will emerge. These problems are ASEAN's to solve if Southeast Asia is not to be divided in two – one poor and the other rich...
>
> So much is at stake that ASEAN cannot afford to remain uninvolved. Our non-involvement in the construction of Cambodia actually contributed to the deterioration and final collapse of national reconciliation. We should have nursed the baby, at least through its teething

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period. That's why we need to consider the idea of "constructive intervention".[36]

A year later, at the Asia-Pacific Roundtable in Kuala Lumpur in June 1998, Thai Foreign Minister Surin Pitsuwan put a new twist to the hitherto dormant proposals. He argued that ASEAN's principle of non-interference should be replaced by "constructive intervention" in cases where a domestic concern poses a threat to regional stability. Thayer notes that this may be due to the frustration of the Thai national security bureaucracy over the failure of its policy of constructive engagement towards Myanmar to achieve any results.[37] Surin argued that "ASEAN members perhaps no longer can afford to adopt a non-committal stand and avoid passing judgement on events in member countries". Respect for the principle of non-interference is one reason why the grouping had come this far; "however, if domestic events in one member's territory impact adversely on another member's internal affairs, not to mention regional peace and prosperity, much can be said in favour of ASEAN members playing a more proactive role." Therefore, "ASEAN countries have an overriding interest in the internal affairs of [their] fellow members and may, on occasion, find it necessary to recommend a certain course of action on specific issues that affect us all, directly or indirectly.... We may need to make intra-ASEAN relations more... 'constructive' than before."[38] In a subsequent speech at Thammasat University on 12 June 1998, Surin emphasized the need to reform domestic institutions to "international standards" in the private and public sectors. While arguing for more transparency in Thailand and other member states' economies, he noted that "[t]he danger lies in the fact that while reform is by and large a domestic process, delays or setbacks in one country can affect the recovery of the region as a whole, especially if that country has extensive trade and investment ties with others in the region."[39] In a short paper circulated at the 1998 AMM in Manila by Surin, "constructive intervention" appeared in the form of "flexible engagement". He argued that if ASEAN failed to address the ongoing Asian economic crisis and the challenges of globalization and interdependence, ASEAN's credibility and capacity to promote and protect its interests would erode. Flexible engagement was to create a regional community in which members had rights and duties. He argued:

> [T]he dividing line between domestic affairs on the one hand and external or transnational issues on the other is less clear. Many "domestic" affairs have obvious external or trans-national dimensions, adversely affecting neighbours, the region and the region's relations

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> with others. In such cases, the affected countries should be able to express their opinions and concerns in open, frank and constructive manner...[40]

Surin's arguments found supporters internationally. Amnesty International "welcomed moves within ASEAN towards greater dialogue and intervention" among members on such difficult issues as human rights. Typical of the human rights community, it argued that: "Far from being an 'internal affair', human rights issues directly engage the international responsibilities and national interests of other states.... A poor human rights situation in one country has direct consequences for its neighbours."[41]

Surin's proposal was, however, bitterly opposed by Myanmar and rejected by most other ASEAN members. The principle of non-interference was reinstated to its former sacrosanct position. Membership for Cambodia was never in doubt; it was only a question of when Cambodia would be admitted into ASEAN. The CPP, in launching a take-over which it knew would reverse the efforts of ASEAN and UNTAC (U.N. Transitional Authority in Cambodia) which implemented the 1991 comprehensive settlement, probably calculated that the "Asian value" of non-interference would triumph. As Ojendal and Antlov have noted:

> Without the Cold War structure and the communist fear it is difficult for most countries in ASEAN to de-legitimize the CPP political behaviour without deligitimizing itself: Vietnam, Laos and Burma are one-party states, Malaysia and Singapore herald the idea of the strong and responsible (sole) leader. So does Indonesia, which in addition put itself in power with violent means.[42]

It was widely predicted that by the time of the Hanoi ASEAN Summit in December 1998, Cambodia would be admitted. At that summit, a six-strong faction led by Vietnam and Indonesia championed Hun Sen's application for membership. Vietnam's anticipation of Cambodian membership was demonstrated by the fact that it arranged for a Cambodian flag to be flown alongside the other nine and for a seat for Hun Sen on the stage at the opening ceremony. Behind closed doors on the night of 14 December, the leaders locked horns. As one official at the meeting put it, Indonesia's Habibie argued for admission thus: "Let's get Cambodia in now and lift the ASEAN spirit up into the skies, that type of thing. You guys are just looking at the micro-picture, you have to look at the macro. We can have a win-win situation — that was his [Habibie's] favourite phrase."[43] Goh Chok Tong, Singapore's Prime Minister, along with his Thai and Philippine counterparts still appeared to resist Cambodia's entry. Goh advanced the practical

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arguments that Cambodia had not met its admission terms – namely, setting up a Senate and amending the constitution. A compromise was reached whereby a special ceremony for Cambodia's admission would be held at a later date. On this occasion, the Declaration on the Admission of the Kingdom of Cambodia was signed by Cambodian and ASEAN officials, as well as the Protocol for the Accession of the Kingdom of Cambodia to ASEAN agreements. Cambodia was admitted on 30 April 1999. On this historic moment, ASEAN Secretary-General Rodolfo Severino noted that "with respect and equality, we have turned our diversity into our advantage... In this age of globalization nations can thrive and flourish only if they band together for common purposes."[44] The Cambodian chapter thus came to a close.

Political turmoil in Indonesia provides another test-case for the sanctity of the principle of non-interference within ASEAN. The reactions of the Association's members individually and collectively to socio-economic and political turmoil in Indonesia, which led to the ousting of Soeharto in May 1998, marked clearly a solid return to the adherence of the principle of non-interference. An examination of official pronouncements and actions of ASEAN leaders on the Indonesian crisis reveals a studied silence with respect to proposals such as "constructive" or "flexible engagement". The principle of non-interference was scrupulously adhered to by ASEAN members. This is undoubtedly due to the fact that, as Secretary-General Severino noted at a seminar on the future of ASEAN in August 1999, "Indonesian participation in ASEAN has not diminished."[45] He reminded his audience of the economic and political transformation in the mid-1960s, without which "ASEAN would not have come about." The economic crisis revealed fissures in Indonesia's economic and political systems and, in Severino's words, "a transformation in Indonesia is, once again, required, if ASEAN as a whole is to negotiate the transition. However, I do not foresee the exacerbation of the traditional inter-state differences between Indonesia and any of its neighbours as a result of the changes going on in Indonesia or in its neighbours."[46] A sign of the probable return of a stronger and more stable Indonesia came from outside ASEAN's borders. U.S. Secretary of State Madeleine Albright praised Indonesia under President Habibie for steps towards a more democratic society after his administration agreed to consider independence for East Timor and to hold national elections in June 1999. Furthermore, the government had made some progress towards guaranteeing the human rights of its citizens. For instance, in May 1998, the government ratified the Internatonal Labour Organization's Convention No. 87 concerning Freedom of Association and Protection of the Right to Organize. In

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June, the government announced a National Plan of Action on Human Rights, committing Indonesia to ratification of major human rights treaties over a five-year period.[47]

Within ASEAN, only diminutive Singapore, consistent with its ideology of pragmatism and rational policy-making, appeared to be bucking the non-interference trend. One instance was the invitation by a government-funded think-tank of Indonesian opposition leaders to give speeches in Singapore. Senior Minister Lee Kuan Yew, who had earlier made unflattering remarks about Malaysia's founding leaders in his recent memoirs, also suggested that Soeharto's apparent chosen successor, Habibie, might rattle financial markets.[48] Goh Chok Tong had flown to Jakarta at the onset of the economic crisis to urge Soeharto to adopt IMF shock-therapy to redress Indonesia's economic woes. Later, Habibie made it clear to Singapore's leaders that he doubted the quality of Singapore's friendship. Singapore sought to repair the damage by promising humanitarian assistance and financial aid packages to help the ailing Indonesian economy.

Despite Singapore's actions, however, significant departures from the deference of this tiny Chinese-dominated state, and from its cautious policies, with respect to its gigantic Muslim neighbour are unlikely. Singapore lives for and by its regional trading hub status. By inviting Indonesian opposition leaders to give speeches, Singapore was acting in the rational and pragmatic manner for which its decision-making process is famed. It is true that Singapore's actions during the crisis in Indonesia deviated from the traditional respect and deference it had demonstrated *vis-à-vis* Indonesia. However, the city-state is not new to controversy with its neighbours. Since its separation from the Malaysian Federation in 1965, Singapore has often stirred adverse feelings in Malaysia by well-orchestrated statements for domestic political reasons, preserving a founding ideology of the Singaporean nation, namely, survival. A dispute with Manila in 1995, following the refusal of Goh Chok Tong to accommodate the request of then Philippine President Fidel Ramos for a stay of execution of a Filipina maid convicted of murder, demonstrated Singapore's staunch defence of the principle of non-intervention in its criminal justice system.

The Limits of "Flexible Engagement"

The disappearance of the principle of non-interference is far from imminent. Jurgen Haacke provides a comprehensive compilation of the reactions of ASEAN members to "flexible engagement",[49] which was associated with the following perceptions: it posed a challenge to

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ASEAN's identity as a regional grouping in which democratic and authoritarian states can coexist, implying that ASEAN members would no longer be able to sit on the fence over intra-mural politico-security disputes; and, it might affect negatively the pursuit of regime security which was already in danger as a result of the socio-economic chaos caused by the regional financial crisis.[50]

Predictably, the new members of ASEAN — Myanmar, Laos and Vietnam — rejected "flexible engagement". Non-interference is one of the main political attractions of membership in ASEAN. In Vietnam, internal unrest in provinces like Thai Binh, as a result of uneven distribution of wealth, land disputes and corruption, has sensitized its communist leadership to its vulnerability to outside interference.[51] The financial crisis which swept Southeast Asia increased the socio-economic problems and heightened the insecurity of the Vietnamese regime, as well as others across the region, as economic growth is essential to their long-term survival. Land-locked Laos, which has historically faced outside interference continuously from neighbouring powers, stated its desire to resolve its problems in its own way. Myanmar's State Peace and Development Council affirmed the "ASEAN way" as the best mechanism for common endeavour.

Among the original members of ASEAN, Indonesia's irritation with Surin Pitsuwan's proposal was not only over the lack of consultation from Thailand but the implications for ASEAN. Indonesian Foreign Minister Ali Alatas warned that Southeast Asia would regress to the pre-ASEAN days. Moreover, Jakarta did not want to give ASEAN a pretext for interfering in the East Timor issue. Singapore's Foreign Minister, S. Jayakumar, advocated that ASEAN should stick to basics, that is, non-interference. Singapore was in a precarious position. In addition to sour diplomatic relations with Malaysia, it was perceived as taking advantage of the economic crisis in the neighbouring countries. For example, higher bank interest rates in Singapore than in Malaysia for Malaysian ringgit holdings, and alleged currency transactions of Indonesian rupiah by traders in Singapore, were two apparent issues.[52] Singapore also had to contemplate the possibility of an unfriendly regime emerging in Jakarta. Furthermore, Singapore was concerned that an outside power, namely China, might use internal divisions in ASEAN to divide the organization and continue its assertive stance over the Spratly Islands in the South China Sea. At the July 1999 AMM, Prime Minister Goh Chok Tong called for a process of "honest appraisal". The core principles of sovereign equality, consensus decision-making, and non-interference in domestic affairs had served ASEAN well. While ASEAN had to adapt to regional and global developments, Goh felt

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that ASEAN should do so by "preserving the core but not hesitating to modify what we must."[53] The Malaysian Government also rejected "flexible engagement", despite the fact that it was former Deputy Prime Minister Anwar Ibrahim who had called for "constructive engagement" in 1997. Malaysian Foreign Minister Abdullah Badawi noted at the 31st AMM in July 1998, that since ASEAN members were unwilling to pool their sovereignties, abandoning the principle of non-interference would lead to the disintegration of ASEAN. In answer to charges that ASEAN members had not engaged in frank discussions with each other, he argued:

> We know that this cannot be further from the truth. We have not only commented and criticized, we have even expressed reservations when necessary. But we do all of this quietly, befitting a community of friends bonded in cooperation and ever mindful of the fact that fractious relations undermine the capacity of ASEAN to work together on issues critical to our collective being. We do it in this quiet way because criticizing loudly, posturing adversarially and grandstanding bring less results and does more harm than good. Problems existing between two countries are best settled at the bilateral level. There is no need to transform such problems to become an ASEAN issue.[54]

This passage leads us to deal, finally, with an apparent contradiction — that between the adherence to a policy of non-interference versus, as implicit in the above passage, the historical approach of interference in each other's affairs. John Funston argues that ASEAN leaders have long recognized that non-interference cannot be sustained in the face of greater interconnectedness and that countries should help each other in improving social and economic conditions. In the founding document of ASEAN, Clause 1 notes that the stability of each member state affects the other states.[55] Carolina Hernandez, in examining ASEAN's principle of non-interference, called on the Association to boost its credibility by admitting that "it and its members have intervened in the domestic affairs of their neighbours in the past."[56] Non-intervention has not been all that sacrosanct in ASEAN behaviour: ASEAN countries individually and collectively have long taken a stand on international issues: for example, opposing apartheid and, more recently, on Bosnia; a joint statement at the third Summit in Manila (1987) called on then Philippine President Ferdinand Marcos and opposition leader Corazon Aquino to refrain from using violence in settling their political disputes after the 1986 Philippine presidential election; Indonesia's mediatory role in paving the way for a peace agreement between the Republic of the Philippines and the Moro National Liberation Front in 1996;[57] the low-key moral and material support afforded to the Moros by Malaysia from

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Sabah; Malaysia's acceptance in the early 1980s of large numbers of what Thai officials considered to be agents of the separatist Pattani United Liberation Organization; and, in 1997 ASEAN agreed to put pressure on Myanmar over human rights abuses through "constructive engagement".[58] In other words, ASEAN governments have adhered to the principle of non-interference without always strictly abiding by the principle.

Indeed, Surin's own statements and his escape from "constructive engagement" to "flexible engagement" serves to highlight the conceptual contradiction. In the face of considerable opposition to "constructive engagement", Surin sought refuge in statements that he did not envisage the abandonment of non-interference (in terms of a state's freedom from unsolicited [verbal] involvement by foreign state-linked authorities in its home affairs) but sought "flexible engagement" in terms of publicly commenting on and collectively discussing fellow members' domestic policies when these have either regional implications or adversely affect the disposition of other ASEAN members. Haacke reconciles the apparent contradiction thus:

> [F]lexible engagement might in practice be reconcilable with the principle of non-interference if the practice of the latter principle by ASEAN was not absolute but relative, involving legitimate forms of involvement or an acceptance of certain kinds of interference (or intervention) under certain circumstances.[59]

Flexible engagement was eventually watered down to "enhanced interaction", which is a reaffirmation of the sanctity of the "ASEAN way" of non-interference, of resolution of disputes bilaterally, and recourse to third-party mediation when conflicts cannot be resolved bilaterally. An overwhelming fear for regime security is a fundamental characteristic of the ASEAN states, which has not changed since the founding of ASEAN.[60] At the Hanoi Summit in 1998, while the issue of Cambodia's membership still occasioned discussion, "flexible engagement" was a spent topic, as a consensus seemed to have been reached on a clear differentiation of politico-security issues and issues of political economy: in the former case, the ASEAN way applies; in the latter it no longer does. It is noteworthy that the Hanoi Action Plan commits ASEAN to draft rules of procedure for the operation of the High Council envisaged in the Treaty of Amity and Co-operation (TAC). However, given the history of the non-use of the High Council, it is highly unlikely that there will be any drift towards intramural conflict resolution through this mechanism in the near future.

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Conclusions

Predictions of the end of the ASEAN way, if not of ASEAN itself, must be reconsidered. As in the past, ASEAN is proving itself more resilient than given credit for. In the final analysis, non-interference is still sacrosanct to the grouping. The alleged crisis over non-intervention has in fact been a "non-crisis". ASEAN rhetoric and practice have remained largely consistent.

It is undeniable that human rights concerns have gained greater prominence in Southeast Asia. Human Rights Watch/Asia noted in its *World Report 1996* that human rights issues were "central to political and economic developments in the region", and that "domestic demands for increased freedom of expression [has] intensified across the region". However, it noted: "the formulation of policies to promote and protect those rights became increasingly complicated. On China, no government succeeded in integrating human rights concerns with other policy interests, and the formula for doing so eluded non-governmental organizations (NGOs) as well." The release of Aung San Suu Kyi on 10 July 1995, "raised new questions about appropriate policy responses from governments, NGOs and international aid agencies."[61]

In this context of policy confusion, the reasons leading to "intervention" in the Cambodian case are not necessarily out of concern for human rights. After all, at the Hanoi Summit Goh Chok Tong and his two ASEAN counterparts cited technical difficulties (non-compliance with certain promises made by Hun Sen) for not allowing Cambodia's immediate entry into ASEAN. The Cambodian "exception" may be more the result of frustration with Hun Sen than a desire for intervention. ASEAN had spent much diplomatic energies in resolving the Cambodian conflict and had helped to implement the UN-sponsored elections in 1993. Despite the ASEAN states' apparent willingness to be more vocal about each other's internal affairs, no "right to intervention" will emerge in the near future, given ASEAN's consensus decision-making process. Furthermore, Thailand's espousal of "flexible engagement" can be seen as a well-calculated move to reinforce the democratic credentials of the young democracy, set in place since 1992, and to repair a damaged reputation after its championing of the policy of "constructive engagement" *vis-à-vis* Myanmar, which is widely considered to be a pariah state. Relations with the United States and the European Union have suffered as a consequence. Improved relations with the United States and the European Union were imperative in the context of a battered Thai economy following the financial crisis. In the midst of the ensuing economic chaos, Thailand studiously improved relations with Washington as part of a boarder strategy of gaining international support

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for its economy.[62] This may be why Secretary-General Severino called on ASEAN member-countries to "resist the temptation to give priority to reaching out to the mighty powers and the big markets as a substitute for ASEAN and regionalism... [L]inks with developed markets and the global economy must not be forged at ASEAN's expense or as an alternative to it."[63] In the case of the "haze", corporate credibility and the economic consequences motivated criticism.

To the extent that some form of intervention was allowed, it was to ensure the recovery of the Southeast Asian economies and their sustained future growth. A series of "bold measures" was announced at the Hanoi Summit, which included advancing the implementation of the ASEAN Free Trade Area by one year to 2002, by which time 100 per cent of the items on the Inclusion List would have tariffs of 0-5 per cent; and extension by each country of additional special privileges to qualified ASEAN and non-ASEAN investors in the manufacturing sector for applications received between 1 January 1999 and 31 December 2000.[64] More importantly, for present purposes is the provision for an "ASEAN Surveillance Process" (ASP) in the financial sector, which was agreed to at a meeting of ASEAN finance ministers on 4 October 1999 in Washington D.C. The ASP "will involve peer review process and frank exchange of views and information on important finance matters." The ASP is supported by the ASEAN Surveillance Coordinating Unit based in the ASEAN Secretariat in Jakarta.[65] The priority is to promote the ASEAN-10 as "one investment area."[66] Towards this end, in April 1999 in Brunei, Singapore's Prime Minister Goh proposed a "Joint Investment Roadshow" by ASEAN, "to market ourselves to the major economies in North America, Europe, and East Asia. Each Roadshow should be led by an ASEAN Economic Minister... Collective marketing will pool our strengths and make our region more attractive as an investment destination. We must pull in more foreign investments in the region."[67]

Human rights concerns were not absent at ASEAN's Hanoi Summit. Vision 2020 commits ASEAN to work towards creating "caring societies" in which "all people enjoy equitable access to opportunities for total human development regardless of gender, race, religion, language, or social, and cultural background."[68] It envisions "our nations being governed with the consent and greater participation of the people, with its focus on the welfare and dignity of the human person and the good of the community."[69] However, calls for a "code of citizens" rights and duties with different implementation deadlines for various members may be a long way off.[70]

In the present context in Southeast Asia, which saw the arrival of an Australian-led international peacekeeping force in East Timor,

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one should not jump to the conclusion that the principle of non-interference is defunct. East Timor, strictly speaking, has become legitimate territory for action by the international community since the East Timorese voted against Jakarta's offer of autonomy within Indonesia in a referendum at the end of August 1999. Furthermore, the international community could possibly claim a right to intervene in the territory since it never accepted Indonesia's takeover in 1975. Jakarta, though reluctantly, has recognized the necessity of international intervention through peacekeeping forces of the United Nations. Nevertheless, with the prospect of increased international scrutiny, events prior to and during the intervention in East Timor may re-invigorate the ASEAN states' sensibilities and adherence to the principle of non-interference. For example, in September 1999, Mary Robinson, United Nations High Commissioner for Human Rights, indicated her willingness to launch an international inquiry into atrocities in East Timor allegedly caused by Indonesian army passivity after violence erupted in the wake of the referendum. International pressure to make the military accountable for past human rights abuses prompted newly-elected President Abdurrahman Wahid to caution: "There must be a limit to international intervention in our country's internal affairs."[71] The continuing respect for non-interference among the ASEAN states is evident in the reluctance of some to send troops to East Timor. In deference to Indonesia, Malaysia, despite being the first to commit to a multinational force, subsequently wavered over commitments to a multinational force in East Timor, though finally agreeing. A look at the force composition[72] showed a limited participation of military personnel from the ASEAN states, except for Thailand.

However, the sanctity of the principle of non-interference in ASEAN is clearly out-of-step with the emerging practice and rhetoric among the Western states, as seen in NATO's intervention in Kosovo. Furthermore, debates in the 1999 U.N. General Assembly indicate that human rights issues are at the forefront of calls for intervention by Western, developed states. Paradoxically, the inconsistency in following through on their threat to place human rights at the forefront of their foreign relations reinforces the position of those who argue for the maintenance of non-interference at all cost. This latter group of states includes China and Algeria, which oppose such calls for intervention. It is a telling fact that in this latter group of states, internal (regime) security is the major, if not dominant, concern.

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NOTES

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Insights from ASEAN's Foreign Policy Co-operation: The "ASEAN Way", a Real Spirit or a Phantom?

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Notwithstanding substantial criticism over the past two years, ASEAN is regarded as a paragon case of successful regional co-operation. This article seeks to contribute to the debate about the nature of ASEAN's co-operation. Have ASEAN members been guided by a sense of community in their foreign policy co-operation? The article examines the nexus between regional identity and foreign policy by gauging the regional states' norm compliance with regard to the "ASEAN way". It focuses on ASEAN decision-making in relation to diplomatic initiatives relevant to the grouping's security. The main emphasis is on the post-Cold War era, with a backdrop provided by specific events in the 1970s and 1980s.

Introduction

The achievements of the Association of Southeast Asian Nations (ASEAN) since its establishment in 1967 are certainly impressive. In a region previously beset by confrontation, no armed conflict has erupted between the ASEAN members, although bilateral tensions have surfaced on several occasions. In the international arena, ASEAN has managed to attain a high profile and the regional grouping has acted in concert in the economic as well as in the diplomatic spheres. This record renders the principal success of ASEAN indisputable. However, the question that arises is what has been the underlying basis of co-operation? Have the ASEAN countries co-operated because they conceived of the region as a community where states share one common identity, or has co-operation been motivated by functional considerations derived from

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the realization that one's bargaining power increases if the region speaks with one voice? This article sets out to answer that question, and by doing so, intends to contribute to the debate about the essential nature of state interaction in Southeast Asia.

Recent critical assessments of ASEAN and its approach to co-operation within the ASEAN Regional Forum (ARF) have rekindled the debate between rationalist, particularly realist, and constructivist scholars about which factors determine state interactions in Southeast Asia and, by extension, in the wider Asia-Pacific region.[1] Constructivist scholars have posited the existence, or at least emergence, of a regional community among the ASEAN states.[2] This perspective is underpinned by the premise that ASEAN possesses a shared collective identity which exerts crucial influence on states' behaviour. These "identity-based" accounts of ASEAN co-operation have emphasized the importance of ASEAN norms. According to that view, shared norms represent "collective expectations about proper behaviour for a given identity", and hence define how an actor should behave.[3] Norm compliance then becomes an important indicator of the existence of a regional community with a distinct collective identity. To date, most discussions of the notion of a Southeast Asian community have examined the dimension of intra-ASEAN relations. The question of what role ASEAN norms have played for decision-making and implementation with regard to ASEAN's external relations has largely been neglected.[4] This article seeks to fill that gap by probing whether the norms of the "ASEAN way" have had a significant impact on ASEAN co-operation in foreign policy.

ASEAN leaders, as well as some scholars, have emphasized the importance of the so-called "ASEAN way" for the success of regional co-operation.[5] The "ASEAN way" entails behavioural norms encapsulated in a code-of-conduct and a set of procedural norms.[6] The former contains standard norms of international law: respect for sovereignty and non-interference in internal affairs, peaceful resolution of conflicts, and non-use of force. More unique to ASEAN, and hence more relevant for an assessment of the identity–foreign policy nexus are procedural norms which prescribe decision-making procedures that ASEAN leaders are expected to follow. According to those prescriptions, ASEAN's decision-making process should observe the principles of *musyawarah* (consultation) and *mufakat* (consensus). Together with a proclivity for informality and non-confrontational behaviour, they constitute the core features of the "ASEAN way".[7] The mode of decision-making is similar to the Malay village system, and is designed to prevent the majority or the most powerful from imposing their views on the whole group. The process is characterized by informality, and it serves to forge a general consensus that accommodates the different viewpoints of all

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parties before a formal decision is made.[8] Hence, the consensus norm transcends the sphere of the policy process. It affects policy outcomes, as the final result of the decision-making process is supposed to reflect the sensitivities of all parties. The yardstick for norm observance is not the pursuit of "one ASEAN foreign policy", but, firstly, evidence of a process of consultation and consensus-building and, secondly, policy outcomes that take into account previous ASEAN positions and the vital interests of other members.

Have ASEAN members adhered to the norms and practices agreed upon, or has foreign policy co-operation been a matter of convenience? To what extent has external cohesion in foreign policy been a function of consensus within ASEAN? What factors have facilitated consensus? To provide an answer to those questions, the article is divided into two sections. An empirical section provides a summary of historical milestones in ASEAN's development as a diplomatic actor in the 1970s and 1980s, and then reviews in more detail important foreign policy initiatives in the post-Cold War era in three areas: the design of a new security structure, the Spratly Islands dispute, and the issue of membership expansion. Based on this survey, the second part of the article will evaluate critically ASEAN's record of norm compliance in foreign policy co-operation, from the Cambodia conflict in 1979 to the completion of ASEAN-10 in 1999. Conclusions will be drawn as to the determinants of ASEAN co-operation in foreign policy, followed by a tentative outlook as to its future prospects. The study concentrates on the sphere of security and on those diplomatic initiatives that have affected the position of the whole grouping in a significant way.

Designing Blueprints for Regional Conduct: From Kuala Lumpur to Bali

After the establishment of ASEAN in August 1967, its members first and foremost concentrated their activities on the improvement of intramural relations. They defined security comprehensively and believed that social and economic progress hinged upon regional peace and order, the attainment of which would also deny external actors the opportunity to interfere in and destabilize the region. Derived from that understanding of security, a concern about communism in its domestic and international variants had been shared by ASEAN leaders early on.

In the late 1960s, major changes in the external environment forced the ASEAN members to focus more on the international dimension of security, particularly after the Guam Doctrine of 1969, which pointed to a future disengagement of U.S. military forces from Indochina.[9] The geopolitical changes culminated in great power realignment between China and the United States, manifest in U.S. President Richard Nixon's

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July 1971 proclamation of an impending visit to Beijing, and in the United Nation's admission of the People's Republic of China in October 1971.

ASEAN's collective response to those developments was the declaration of ZOPFAN (Zone of Peace, Freedom, and Neutrality) in November 1971.[10] A preceding proposal, mooted by Malaysian Prime Minister Tun Abdul Razak at the Non-Aligned Conference in Lusaka in September 1970, had envisaged the neutralization of Southeast Asia, *guaranteed* by the great powers. While Razak's proposal would have given China a stake in the region,[11] the declared objective of the Kuala Lumpur ZOPFAN Declaration in November 1971 was a Southeast Asia free of interference by external powers, thus denying the accommodation of China which was implicit in Razak's proposal.[12] It was a compromise that reaffirmed the formula of ASEAN's founding document of 1967. It allowed Thailand and the Philippines to maintain temporarily their bilateral alliances with the United States, while endorsing aspirations for the neutralization of the region held by Malaysia and Indonesia.[13] As the first collective foreign policy position of ASEAN, the declaration marked a significant milestone for co-operation.[14] Two aspects of this early episode should be mentioned: the catalyzing effect of external events and the contradiction between aspirations for regional autonomy and the perception of strategic needs.

If the geopolitical changes of the earlier decade had presented a challenge, the communist ascendancy to power in Indochina in 1975 posed a problem of far greater magnitude for the ASEAN members, all of which had a history of anti-communist struggles. Consequently, they convened the first ever summit in Bali in 1976. While the Bali summit failed to formulate a clear Indochina policy,[15] it produced the Declaration of ASEAN Concord and the Treaty of Amity and Co-operation (TAC), the latter a blueprint for the conduct of regional relations as envisaged by ASEAN. It encompassed seemingly unspectacular norms of conduct: peaceful resolution of conflict and non-use of force, respect of sovereignty, and non-interference in internal affairs. Those rules for state interaction have become beacons for the conduct of ASEAN's internal and external relations. They combined with the vision of the 1971 ZOPFAN declaration to provide reference points for ASEAN's future external relations.

Maturation as a Diplomatic Community? ASEAN in the Cambodia Conflict

ASEAN's resolve to defend its principles was promptly tested less than three years later when global (Sino-Soviet), regional (Sino-Vietnamese),

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and local (Cambodian-Vietnamese) antagonisms culminated in the Third Indochina conflict.[16] Vietnam's invasion of Cambodia and the subsequent replacement of the genocidal Khmer Rouge regime with a Vietnamese proxy in January 1979 violated the norms of conduct enshrined in the TAC. Moreover, Thailand perceived an acute threat from what was seen as an expansionist communist Vietnam. The Vietnamese action confronted ASEAN with a dilemma. The organization had to reconcile the Thai threat perception of Vietnam with a perspective — predominant in Indonesia and Malaysia — that regarded Vietnam as a buffer against China. The resulting strategic debate revolved around the question of whether a Cambodia under Vietnamese control was preferable to Chinese influence there and in the wider region.[17]

The dilemma did not paralyse ASEAN. Following an ASEAN statement on 9 January 1979, a Thai initiative led to a joint communiqué on 12 January 1979, deploring the armed intervention and demanding the withdrawal of Vietnamese troops from Cambodia.[18] Meanwhile, besides securing ASEAN diplomatic support, Thailand's Prime Minister Kriangsak Chomanan also concluded a *de facto* alliance with China during a secret meeting.[19] There is no indication that ASEAN partners were consulted or even informed of the alliance.

In the course of 1979, the ASEAN members closed ranks behind Thailand, as manifested in the strongly worded communiqué of the 28-30 June Annual Ministerial Meeting (AMM), and the ability to act with one voice in international fora, such as the United Nations and the Non-Aligned Movement. This picture of apparent unity changed in 1980. On 27 March 1980, President Soeharto of Indonesia and Malaysian Prime Minister Tun Hussein Onn announced the Kuantan Principle. It called for the Soviet Union and China to stay out of the Indochina conflict, and thus accommodated Vietnam's view of the conflict that made Vietnam's withdrawal contingent on China's non-involvement in the region. The Kuantan declaration owed its significance to the fact that two ASEAN members launched a bilateral initiative that ran counter to the previous ASEAN position.

However, after Vietnam's incursion into Thailand in June 1980, the ASEAN members rallied behind Thailand without reservations.[20] For some time thereafter, ASEAN unity remained high on the public level. Indonesia was partially accommodated by ASEAN with the role of "interlocutor" with Vietnam. However, in 1984 one Indonesian initiative went far beyond anything that role would have justified. Following controversial statements by Indonesian Defence Minister General Benny Murdani that Vietnam was not a threat to the region, Soeharto suggested a compromise to Vietnam in March 1984 that would have excluded the Khmer Rouge from any settlement.[21] But like other Malaysian and

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Indonesian initiatives from 1983 onwards that were, arguably, not in accord with ASEAN's official policy,[22] this did not turn into a divisive issue for ASEAN, as an uncompromising Vietnamese position doomed any efforts to reach accommodation.

During the Indochina conflict, ASEAN managed to emerge as a highly respected international actor based on its ability to unite behind the Thai position and display a high degree of external cohesion. By 1987, tentative steps towards peace were taken when Indonesia, with Thailand's approval, used its interlocutor role to initiate the so-called "cocktail talks" involving all parties to the conflict. Given that background, a serious challenge to ASEAN's unity came from an unexpected source. When Chatichai Choonhavan succeeded General Prem Tinsulanonda as Prime Minister of Thailand in July 1988, he and his advisory team devised a radically altered policy towards Vietnam. Touted as part of his vision of *Suwannaphume* (Golden Peninsula), he advocated turning Indochina "from a battlefield into a marketplace". Theory was put into practice quickly and a large Thai delegation visited Hanoi in January 1989, followed by a visit to Cambodia at the invitation of Cambodian Premier Hun Sen, whose government had formerly been depicted as illegitimate and Hanoi's proxy. Chatichai's policy was based upon the premises that ASEAN's diplomatic strategy had fulfilled its purpose and that the military efforts of the Cambodian coalition had weakened Vietnam sufficiently for it to be regarded as a lesser threat to Thai security.[23]

Those assumptions were reasonable and they were seemingly confirmed when Vietnam announced the withdrawal of all troops from Cambodia by the end of 1989. However, Chatichai had made no efforts to consult his ASEAN partners and seek consensus for a new ASEAN policy on Indochina. Instead, he pursued unilaterally an initiative that represented a volte-face from the previous ASEAN position, agreed upon with the special needs of Thailand as a front-line state in mind. Consequently, other ASEAN members, particularly Indonesia, strongly resented Chatichai's disregard for procedural norms and their sensitivities.[24]

The Creation of a Post-Cold War Order

Despite its divisive nature, Chatichai's attempt to forge a new order can be regarded as a far-sighted response to the demands of a new security environment where the perceived threat of expansionist communism had all but disappeared. The dictate of Cold War geopolitics had ended for Southeast Asia with Mikhail Gorbachev's policy of *rapprochement* with the West and China. The cessation of Soviet aid

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led to the Vietnamese withdrawal from Cambodia and ultimately made possible the Paris Peace Settlement of 1991. These developments were certainly welcomed, but at the same time they challenged regional leaders to come forward with a shared vision for a stable post-Cold War order for the region. In particular, the Southeast Asian nations were left to ponder how they should deal with the remaining two great powers with an impact on regional security: the United States and China.

The Issue of U.S. Involvement in the Region

Notwithstanding long-term aspirations for regional autonomy, manifest in the ZOPFAN declaration of 1971, an American role in Southeast Asia had been tolerated by all ASEAN members in the Cold War era. However, after the end of the Cold War, the issue resurfaced. The subject of U.S. involvement in the region assumed particular prominence when Singapore declared in August 1989 its willingness to grant the United States access to military facilities. It signalled support for a besieged Philippine government (after the demise of President Marcos, domestic opposition to a continued presence of U.S. bases became vociferous) and aimed at ensuring a continued U.S. presence in the region.[25] It had long been the Singapore position that the United States was needed as a balancing factor.[26]

ASEAN partners had been informed by Singapore of a visit by an American exploratory mission in June. However, Malaysian and Indonesian officials revealed that no proper consultations had taken place and that they were left in the dark as to the intended form of military co-operation.[27] This spawned an intra-ASEAN debate, which questioned the compatibility between ZOPFAN and a U.S. presence. Moreover, it probed the boundary between national autonomy and regional responsibility with regard to security issues. Thai officials blocked Malaysian demands for an ASEAN meeting on the issue,[28] implying that they saw no need for an ASEAN consensus. The debate subsided after it became clear that Singapore would allow the United States access to facilities but not the establishment of a military base. That outcome assuaged Indonesian and Malaysian sensitivities and left the declaratory value of ZOPFAN intact.

With regard to due process, Singapore's approach was unsatisfactory, as no proper dialogue was conducted and the information provided was vague. On the other hand, the outspoken Malaysians had themselves concluded a secret agreement with the United States in 1984 to conduct joint naval exercises, ostensibly without informing any partner, let alone engaging in consultations.[29] In both cases, the pursuit of *realpolitik* was clearly more important than ASEAN's procedural norms. Another

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insight from the 1989 episode concerned ZOPFAN: after the end of the Cold War it remained a declaratory instrument that influenced discourse but not necessarily policy substance.

The tension between perceived strategic needs of a U.S. presence and ideals of regional autonomy permeated several other policy debates in the early 1990s and even pervaded the seemingly innocuous debate about who should be ASEAN's principal partners for the advancement of economic co-operation. In December 1990, Prime Minister Mahathir Mohamad of Malaysia had proposed an all-Asian East Asian Economic Grouping (EAEG), encompassing ASEAN, China, Japan, and Korea. The ASEAN Economic Ministers (AEM) meeting in October 1991 denied endorsement of the project, and subsequently Mahathir had to accept a dilution of his proposal to the inconsequential East Asia Economic Caucus (EAEC).[30] At that time, the initiative was stillborn.[31] Mahathir proposed the EAEC unilaterally and then tried to bulldoze it through the decision-making process. The lack of consultation on Malaysia's part probably doomed the EAEG/EAEC project. The disregard for procedural norms compounded personal jealousies between Mahathir and Soeharto, and put into question Indonesia's leadership of ASEAN.[32] Most importantly, Mahathir's proposal ignored fundamental foreign policy tenets of the ASEAN partners, who relied on a U.S. presence and whose opposition towards the proposal stemmed from concerns about the strategic ramifications of non-inclusion of the United States in the proposed grouping/caucus.[33]

Establishment of the ASEAN Regional Forum (ARF)

The controversies over the Singapore–U.S. relationship and the EAEG/EAEC proposal were manifestations of a broader debate about what role ASEAN should play in a new security structure at a time when it was not entirely clear what, if anything, were Southeast Asia's security problems. However, Chinese behaviour in the South China Sea in 1992 provided some unwelcome clues and added impetus to the debate.

Prior to 1992, ASEAN had not served formally as a multilateral framework for the discussion of security issues, although the members had used the Post-Ministerial Conference (PMC) to discuss the security implications of the Cambodia conflict with dialogue partners. But at the 1992 Singapore Summit, ASEAN leaders initiated the formal discussion of security under ASEAN's aegis. The Summit decision constituted a significant departure from the 1987 Manila Declaration which had stated that "each member state shall be responsible for its own security", with co-operation conducted on a non-ASEAN basis "in accordance with their mutual needs and interests.[34]

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The Summit encouraged intra-ASEAN co-operation on security (as a result, the first special Senior Officials Meeting [SOM] of foreign and defence ministry personnel was convened in June 1992),[35] but a more significant development concerned external relations: with ASEAN acting as a pivot, a new security forum for the wider region was created in July 1993. It was the ASEAN Regional Forum (ARF). The creation of the ARF reflected ideas from Track Two proposals and was, in essence, an extended ASEAN-PMC dialogue process.[36] However, the ARF's rapid development concealed a difficult path to consensus. Following a seminar on security co-operation organized by the Foreign Ministry of the Philippines in June 1991, the declaration of the July AMM revealed that views in the region did not converge beyond the recognition that ASEAN should play an active role in shaping the security environment.[37] By the time of the Singapore Summit in January 1992, the ASEAN members were still not able to agree on the format of security co-operation. Indonesian and Malaysian officials objected to an expansion and institutionalization of security co-operation because of concerns about great power influence.[38] Consensus on turning the PMC into a security dialogue forum was only forged after China had asserted far-reaching claims in the South China Sea in February 1992, as the Indonesian and Malaysian foreign ministry establishments realized the need to engage China more closely. They also became more inclined to accept an American role.[39] The ARF fulfilled both functions.[40] However, its creation was precipitated by external developments and not by an ASEAN consensus on a shared vision. Conceptually, the ARF can be seen as the product of a dialogue between two camps within ASEAN — proponents of the ZOPFAN concept and those who have relied on the United States for the provision of security.[41]

The continuation of this dialogue made possible the revitalization of the ZOPFAN concept, manifest in the conclusion of the Southeast Asia Nuclear Weapons Free Zone (SEANWFZ) Treaty in December 1995. First suggested by Indonesia in 1984, the establishment of SEANWFZ was opposed by Thailand and Singapore for many years as it implicitly targeted the United States whose presence was seen by the two countries as crucial for their security.[42] The creation of the ARF, which sanctioned the involvement of the United States in regional security, mitigated such concerns.

While the ARF included the great powers, the SEANWFZ document paid rhetorical homage to the ideal of regional autonomy but had no policy impact. The contradiction between declaratory aspirations and concrete security policies had not been resolved, as ASEAN members pulled in different directions. This lack of a shared vision as to form and substance of a new regional security structure became visible again

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when in January 1996, shortly after the Bangkok Summit, Thai Defence Minister Chavalit Yongchaiyudh proposed a plan to turn ASEAN into a NATO-style military bloc.[43] Chavalit put it on the agenda of the inaugural meeting of the Asia-Pacific Security Dialogue, a regional security conference held in Bangkok in March 1996.[44] He had discussed his plan with China in December 1995 and with Vietnam in January 1996, but did not deem it necessary to consult and seek consensus with his ASEAN partners, although ideas to transform ASEAN into an alliance had failed to win support on previous occasions. The complete lack of consultation with the ASEAN partners, combined with its highly contentious content, doomed the project from the start.

Overall, the task to devise a new security structure for the region proved a much more complex challenge for the ASEAN leaders than that posed by Vietnam's invasion of Cambodia. Between 1989 and 1996 the ASEAN leaders struggled with the question of how the Association should position itself *vis-à-vis* the great powers in the emerging security structure.

ASEAN and the Spratly Islands Dispute

As the ASEAN leaders found it difficult to converge on one shared vision, have specific security issues been more conducive to consensus building? Arguably, the most pressing security concern for ASEAN in the 1990s has been the Spratly Islands dispute. Situated in the South China Sea, the island group has been perceived as important because of two features:

- suspected but largely unconfirmed deposits of oil and gas, as well as the existence of marine resources; and,
- its strategic location in important sea lanes.

The claimants to parts or all of the Spratlys have been the People's Republic of China, Taiwan, and four ASEAN countries (Brunei, Malaysia, the Philippines, and Vietnam). Additionally, Indonesia's claims to the waters surrounding the nearby Natuna Islands overlap with claims by China and Vietnam.[45] What has turned the Spratlys into a precarious issue for ASEAN claimants has been repeated evidence of Chinese assertiveness in combination with the disinclination of the United States to become involved in the dispute.

The diplomatic involvement of the ASEAN countries in the South China Sea dispute commenced after the 1988 Sino-Vietnamese naval clash. The first tangible result was the inaugural South China Sea Workshop organized by Indonesia in Denpasar on 22 January 1990.

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Government officials in their private capacity and academics from the ASEAN countries attended; but from 1991 onwards, this annual Track Two diplomacy — limited to the discussion of technical matters — included delegates from China, Taiwan, Vietnam, and Laos.[46] The workshops arose from a unilateral Indonesian initiative that followed meticulously the ASEAN norms of consensus and consultation. In 1989, a delegation led by Indonesian Ambassador Hasjim Djalal had visited all the ASEAN capitals and engaged in comprehensive discussions with senior officials and academics.[47] The Indonesian side agreed to accommodate Singapore and Thai concerns that the exclusion of external actors, in particular China and Vietnam, might be misinterpreted as collective enmity by ASEAN. Furthermore, Malaysia and the Philippines were assured of the compatibility of the planned workshops with bilateral efforts.[48]

However, the inadequacy of the informal workshop process became apparent when on 25 February 1992 China passed legislation that indicated far-reaching claims in the South China Sea. ASEAN responded to this renewed sign of Chinese assertiveness with the "ASEAN Declaration on the South China Sea", issued at the meeting of ASEAN foreign ministers in July 1992. It called on all parties to resolve differences "by peaceful means", and urged them to exercise restraint.[49] The initiative for the declaration originated from the Philippines.[50] The original draft version was redrafted four times, because officials from most other ASEAN members did not concur with the strong wording favoured by Philippine officials.[51] They also rebuffed a Philippine proposal to call for a United Nations conference. Notwithstanding those disagreements, the practices of consultation and consensus-seeking were integral to the decision-making process.

The less-than-incisive effect of the 1992 Declaration became apparent in February 1995 when it was discovered that China had occupied Mischief Reef which was claimed by the Philippines. Initially, individual ASEAN members did not respond at all (while Vietnam did), but on 18 March 1995 ASEAN foreign ministers issued a joint statement calling for peaceful and early resolution of the conflict, a move initiated by the Philippines at the level of senior officials.[52] The Declaration was followed by a collective stand *vis-à-vis* China on the occasion of the 1995 Hangzhou meeting — the first Senior Officials Meeting (SOM) between ASEAN and China. For the first time, ASEAN did not restrict its reaction to a declaration but confronted China, although only at an informal dinner preceding the SOM.[53] Chinese foreign policy was affected by the collective ASEAN reaction.[54] Following a bilateral meeting with Philippine officials in March, China still rejected the idea of multilateral talks with ASEAN.[55] However, after ASEAN's display

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of unity, China made concessions and agreed to discuss the subject within the ASEAN Regional Forum.[56] This indicated a willingness by Beijing to allow a limited (that is, without the United States) multilateralization and internationalization of the South China Sea issue.[57] Two factors had made possible an ASEAN consensus to act collectively.[58] First, notwithstanding some (unofficial) criticism of the Philippines,[59] ASEAN followed the unwritten principle that the "front-line state" should be supported. But most importantly, ASEAN decision-makers perceived the need to convey their disagreement with what was seen as Chinese encroachment and acts of bad faith in the light of previous declarations. While threat perceptions differed considerably, all members shared some concern about the long-term ramifications of Chinese behaviour on regional stability.[60]

A similar pattern of ASEAN foreign policy co-ordination was discernible after China had placed an oil-rig in the waters of the Gulf of Tonkin, claimed by Vietnam, in March 1997. ASEAN officials started drawing up a joint position and indicated that they might put the issue on the agenda for the upcoming ASEAN-China SOM of 17-19 April.[61] Statements revealed agreement on Chinese wrongdoing, as well as a sense of togetherness.[62] The concerted approach by ASEAN was strong enough to impel Chinese attempts to engage Thailand in a campaign to "create understanding with neighbouring countries".[63] It is important to note that in both instances the collective ASEAN position did not support the territorial claims of individual ASEAN members *vis-à-vis* China.[64] Instead, it merely represented a rejection of Chinese attempts to alter the status quo at the expense of ASEAN in violation of former declarations.

If those responses by ASEAN to Chinese assertiveness showed a high degree of cohesion, the picture of unity and the significance of the "ASEAN way" were negated somewhat by the behaviour of Indonesia. In December 1995, coinciding with the ASEAN Summit in Bangkok and a lofty declaration of the Southeast Asia Nuclear Weapons Free Zone, Indonesia and Australia announced the conclusion of a security agreement that committed both countries to consultations on security matters and "adverse challenges". This represented a significant departure from Indonesia's non-aligned stand and its declaratory *bebas-aktif* (free and active) principle.[65] First suggested by Prime Minister Paul Keating in June 1994, President Soeharto only became responsive to the idea in September 1995.[66] The timing gives credence to the interpretation that Indonesia's interest in the agreement was a function of growing concern about potential Chinese claims to the waters around the Natuna Islands,[67] although the "personal chemistry" between Keating

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and Soeharto certainly helped.[68] Indonesia's ASEAN partners were confronted with a *fait accompli*, as President Soeharto and State Secretary Moerdiono had failed to consult them. Foreign Minister Ali Alatas even denied publicly the need for consultations on bilateral affairs.[69] Given the contradiction between ASEAN's aspirations for regional autonomy and the formal involvement with another external power, this stand is hard to defend. However, while in violation of procedural norms, the agreement did not impinge upon the sensitivities of other members. On the contrary, the Philippines expressed its desire for a similar agreement, and Singapore strengthened its military co-operation with Australia in January 1996.[70]

The Issue of Membership Expansion: ASEAN's Post-Cold War Policies towards Indochina and Myanmar

Inherent in the idea of community are criteria (implicit or explicit) for membership which also serve as boundary markers for the collective. If there was substance to the concept of an ASEAN community, consensus on the scope and nature of membership could be expected. Indeed, the vision to unite the whole of Southeast Asia under ASEAN's umbrella can be traced back to the very beginnings of the organization. For more than two decades that vision had remained nothing but an elusive ideal as Cold War geopolitics had polarized the region,[71] but in the space of just five years, between 1995 and 1999, ASEAN expanded from six to ten members and realized the goal of "one Southeast Asia".

After Vietnam's withdrawal from Cambodia in 1989 and the signing of the Cambodian Peace agreement in October 1991 in Paris, relations between ASEAN and its erstwhile enemy improved rapidly. By the time Vietnam and Laos acceded to the Treaty of Amity and Co-operation in July 1992, a general agreement on membership expansion had emerged among the ASEAN members, but no consensus on the conditions and a timetable had yet been established.[72] By the time of the 1994 AMM, Singapore still cited problems of economic incompatibility in relation to Vietnam's admission. Thailand objected to Vietnam's admission on strategic grounds, indicating that admission was still some time in the future.[73] Motivated by concerns about its own position, Thailand suggested the formation of a loose Southeast Asian-10 grouping to facilitate at a gradual pace the entry of potential members.[74] This was strongly rebuffed by Indonesia and Malaysia. Given this background, Vietnam's rapid admission into ASEAN at the July 1995 AMM in Brunei was surprising. Possibly, the determination of the Thai

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opposition had been overstated, but more likely the events unfolding in the South China Sea in early 1995 exerted a strong influence on the ASEAN members to include Vietnam.[75]

Exogenous influences also had a decisive impact on debates preceding Myanmar's admission in July 1997. It was marred by a serious controversy over the merits of linking membership with the country's human rights situation. The basic theme of the debate dated back to 1992 when ASEAN had endorsed Thailand's "constructive engagement" approach, embracing instead of confronting Myanmar's military regime in the hope of inducing change. The perceived need to display unity in the face of Western pressure determined the ASEAN position.[76] But cohesion amounted to only a thin veneer as Malaysia and Indonesia objected to Myanmar's treatment of its Muslim Rohingya minority.[77] After Myanmar's leaders had compromised on the issue in November 1993,[78] concern for human rights disappeared from the agenda of Indonesia and Malaysia. In the run-up to the decision of 31 May 1997 to admit Myanmar to ASEAN, Soeharto and Mahathir were the most ardent supporters of Myanmar,[79] while decision-makers from the Philippines, Thailand, and Singapore wanted to defer admission until Myanmar's internal situation had improved. This substantial disagreement put ASEAN's decision-making procedures to a serious test,[80] but all members adhered to the practice of consultation and consensus. What most likely tilted the balance in favour of admission were vociferous Western demands to deny Myanmar entry to ASEAN. Perceived as undue external interference, such calls were anathema to the regional leaders. All the ASEAN members, particularly a determined Indonesian leadership, felt that "somehow they had an obligation to reassert their own sovereignty", to show that "this is our region, our part of the world, and we know what to do."[81]

The decision to admit Myanmar together with Laos was left unaltered when on 10 July 1997, in the wake of Hun Sen's coup against First Prime Minister Prince Ranariddh, ASEAN's foreign ministers decided unanimously to defer Cambodia's admission on the grounds of its internal upheaval.[82] The issue of Cambodia's membership, and the nexus with democracy, resurfaced at the Hanoi Summit in December 1998, with coalitions similar to those of the Myanmar debate. Vietnamese and Indonesian assertiveness secured Cambodia's entry, with support from Laos, Malaysia, and Myanmar, but opposition from the Philippines, Singapore, and Thailand ensured a delicate compromise that approved admission in-principle but made it contingent upon the domestic situation.[83] The ASEAN members were spared more potentially divisive discussions, as the improvement of the internal situation in

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Cambodia rendered the country's admission non-controversial in April 1999.

Overall, the debates about membership expansion in 1995, 1997, and 1998 highlighted substantial differences of opinion as to timing and modalities, although all the ASEAN members shared the long-term goal of an ASEAN-10.

Evaluation of Norm Compliance in Foreign Policy Decision-Making: The Myth of the "ASEAN Way"?

The preceding survey of ASEAN's foreign policy initiatives has revealed a complex and inconsistent picture of decision-making within the organization. What conclusions can be drawn with regard to ASEAN co-operation in foreign policy? The following analysis seeks to address this question by answering three questions: Has there been a high degree of norm compliance, proving that there is substance to the "ASEAN way"? What circumstances have been conducive to consensus-building? Is there evidence that norm compliance has increased, indicating a learning curve and development towards a community?

To make them more accessible to systematic appraisal, ASEAN foreign policy initiatives can be categorized according to, firstly, their compliance with the norm of consultations and consensus-seeking in the decision-making process and, secondly, according to their concordance with the existing ASEAN consensus on the policy issue. The first criterion looks strictly at policy processes while the second assesses policy substance. As a result, four categories of cases can be distinguished:

1. Initiatives that followed procedural norms in the decision-making process and did not require substantial negotiations of policy positions.
2. Initiatives that conformed with the norms of consultation and consensus but had to address substantial disagreements.
3. Initiatives that did not follow those procedural norms but the proposed policy was not in conflict with the sensitivities of ASEAN partners or previous understandings.
4. Initiatives that violated procedural norms *and* were in contradiction to other members' sensitivities, or previous agreements.

If the leaders were influenced by concerns about the regional community, one could expect that they would abide by the norms and

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practices agreed upon (categories 1 and 2). Moreover, a large number of cases without serious differences would suggest a shared policy outlook or vision among ASEAN decision-makers (category 1). However, an analysis of twenty distinguishable foreign policy initiatives with relevance to regional security provides evidence of only modestly strong norm compliance. While thirteen, and hence the majority, of the initiatives have followed the prescribed pattern of consultation and consensus-seeking, at least seven initiatives have not observed ASEAN's procedural norms.

Two initiatives that ignored the due process resulted nonetheless in outcomes that did not violate the policy consensus (category 3): the Singapore offer to grant the United States access to some military facilities, and the Australian–Indonesian security agreement. Singapore's consultation with ASEAN partners was unsatisfactory, while Indonesia's was non-existent. However, no ASEAN member had serious reservations about the policy outcome in either case.[84] The idea of an ASEAN community is discredited more severely by the large number of instances when the decision-making process violated ASEAN norms *and* the envisaged policy of the initiative ignored vital interests of ASEAN partners, thus negating the principle of consensus (category 4). Firstly, the secret Thai-Chinese alliance of January 1979 was not only concluded *in camera*, but its strategic assumptions were also opposed to the views held by leaders in Indonesia and Malaysia at that time. Secondly, the 1980 Kuantan Declaration, a bilateral initiative, was in clear contradiction to ASEAN's previous consensus. Even though it did not become official policy, the declaration harmed ASEAN as it gave the (accurate) impression of disunity. Thirdly, Chatichai's announcement and implementation of his new Indochina policy was a blatant violation of ASEAN norms, in both process and substance. In two other, more recent, cases, unilateral initiatives ignored procedural norms and fundamental strategic concerns of ASEAN partners, although they were dependent on ASEAN endorsement: Mahathir's EAEC proposal, and Chavalit's NATO proposal. Consequently, the former was modified to insignificance and the latter excluded altogether from ASEAN's agenda. Interestingly, one common feature of most initiatives in disregard of the "ASEAN way" was the non-involvement of the foreign ministries. Foreign ministries fulfil the role of being the repository of the "ASEAN way", as their officials are well-versed in ASEAN procedures.[85]

The majority (13) of foreign policy initiatives have followed the "ASEAN way" of consultation and consensus seeking, but several observations raise further doubts about identity-based explanations of co-operation. Firstly, not even in half of those cases (6) did a consensus

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emerge without substantial negotiations (category 1). Cases include ASEAN's communiqués after Vietnamese military actions in 1979 and 1980, the initiation of the "cocktail talks", and the informal South China Sea workshops. Furthermore, no serious disagreements seemed to have stymied ASEAN responses to Chinese assertiveness in the South China Sea in 1995 and 1997. The "cocktail talks" and the workshops did not entail any commitment. The other cases signify that ASEAN leaders shared the conviction that the norms of regional conduct, enshrined in the TAC, should be defended. A second area of unanimous agreement, the vision of a united Southeast Asia, became manifest when ASEAN leaders reached consensus to admit *in-principle* the Indochina states and Myanmar, but that is where the commonalities end. The exact modalities initially eluded a consensus.

Secondly, when substantial negotiations were required to reach a common position (category 2: 7 cases), ASEAN consensus has frequently been a function of external influences. Only on two occasions — the admission of Cambodia and the SEANWFZ treaty — did ASEAN members manage to forge consensus without significant exogenous influences. In five cases they did not. China's assertiveness had catalyzing effects in February 1992 and in February 1995. After February 1992, ASEAN members agreed on the "Declaration on the South China Sea" and consensus was forged on the establishment of the ASEAN Regional Forum which engaged China and integrated the United States and Japan in a regional security structure. Despite sketchier evidence in 1995, there is high plausibility that the events at Mischief Reef influenced the issue of ASEAN membership by speeding up Vietnam's entry, a move that had been contested in July 1994. In a similar vein, Western attempts to dissuade ASEAN from admitting Myanmar tilted the balance in favour of its admission, as the issue became one of ASEAN against the West.

A third observation also casts doubts on the idea of community: all initiatives that followed the "ASEAN way" depended on support from ASEAN while to date ASEAN leaders have declined to consult one another whenever unilateral initiatives were feasible. Co-operation has been a matter of convenience. On the other hand, one trend is encouraging: ASEAN norms are exerting compliance pressure and, to some degree, a learning process is detectable. A case in point was the conduct of the Philippine delegation at the July 1999 AMM in Singapore, when they lobbied for an ASEAN-sponsored code of conduct for the South China Sea. Philippine delegates resisted the temptation to propose unilaterally the drafting of a code of conduct because they were aware that Malaysian officials (and possibly others) would deadlock the proposal unless it went through the appropriate channels.[86]

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Overall, non-compliance with the "ASEAN way" has been too common, and external influences too strong, to support the community idea. While ASEAN's external cohesion has been impressive, the same cannot be said about adherence to due process in decision-making or the existence of a shared policy outlook. The norms of the "ASEAN way" have by far not played the role for co-operation that observers have often attributed to them. Consensus has repeatedly been the function of external pressure and not the result of gradually converging views as a result of consultations. ASEAN's external cohesion at crucial junctures — and hence its success — has rested on internal agreement about two pillars of ASEAN policy: first, all ASEAN leaders have pursued the vision of a united Southeast Asia; secondly, all members have shared the resolve to defend the principles of the Treaty of Amity and Co-operation. The norms of non-interference, respect for sovereignty, peaceful resolution of conflict, and non-use of force circumscribe a minimal but immensely important set of rules for the conduct of regional relations. Beyond agreements on those tenets of state interaction, the lack of a shared vision has been striking. In the field of security, ASEAN has never been able to reconcile the aspiration for regional autonomy, as expressed in ZOPFAN and more recently in SEANWFZ, with a perception of strategic needs that has led to the persistent involvement of great powers. Those documents have exerted influence on the discursive but not on the policy level.

Lack of Norm Compliance and Co-operation: "If it ain't broke, why fix it"?

Is deficient norm compliance in the decision-making process of significance, given ASEAN's ability to display a high degree of cohesion in external relations when it matters? The answer is that it could well be. ASEAN co-operation in foreign policy has not been based on a community idea, or a shared vision. Instead, it has in most cases centred on the behavioural norms of the TAC. However, agreement on fundamental principles cannot be taken for granted. Recent debates within ASEAN about the continued relevance of the non-interference principle, particularly at the AMM in July 1998, indicate that consensus about at least one fundamental principle, non-interference, has weakened if not disappeared.[87] The disagreement on the occasion of Myanmar's and Cambodia's entry into ASEAN in 1997 and 1999 respectively has also shown the potential for such issues to drive a wedge between the ASEAN members. The fact that the East Timor crisis of 1999 did not strain intra-ASEAN relations should not invite complacency. In that instance, the Australian initiative to lead a

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multinational task force to East Timor relieved ASEAN of the need to agree on a policy initiative itself. Moreover, Australian Prime Minister John Howard's untimely announcement of leadership ambitions in the region provided a welcome rallying point for the ASEAN members.[88] In the long run, a new consensus on the legitimacy and modalities of intervention in domestic affairs is needed, as it is difficult to see what new pillars of co-operation could emerge if agreement on fundamental principles is eroding. In the absence of principled agreement, procedural norms become extremely valuable, as they create "stable expectations" of mutually acceptable behaviour, an indispensable prerequisite for any co-operative undertaking.

Conclusion

Notwithstanding a high degree of external cohesion, decision-makers in the ASEAN countries have shown reluctance to abide by the norms of consultation and consensus. The need to harness support and external pressure explains best the only modestly high degree of norm compliance. Put starkly, the "ASEAN way" has proven to be a myth. As an international actor, ASEAN has constituted a community of convenience based on functional considerations rather than a community of shared visions. These findings cast doubts on optimistic accounts of ASEAN as an emerging security community. On the other hand, optimism can be derived from the fact that ASEAN has been able to arrive at common positions and present a cohesive front towards outside powers even when beset by internal disagreements. ASEAN's behaviour bespeaks of a latent reservoir of "we-feeling" that could provide the seed for a community in the future. However, for the time being it remains imperative for ASEAN to maintain agreement on matters of fundamental principles, as they have to date constituted the pillars of co-operation.

NOTES

1. For critical comments on ASEAN in the Post-Cold War period, see Jeannie Henderson, *Reassessing ASEAN*, Adelphi Paper 328 (London: IISS, 1999). Other criticism has focused on the limitations of ASEAN's model of co-operation for the wider region; see Shaun Narine, "ASEAN and the ARF: The Limits of the ASEAN Way", *Asian Survey* 37, no. 10 (1997): 961-78; and Juergen Haacke, "The ASEANization of Regional Order in East Asia: A Failed Endeavour?", *Asian Perspective* 22, no. 3 (1998): 7-47. For an excellent and up-to-date review of the broader theoretical debate, see Amitav Acharya, "Realism, Institutionalism, and the Asian Economic Crisis", *Contemporary Southeast Asia* 21, no. 1 (1999): 1-29.

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2. Nikolas Busse, "Constructivism and Southeast Asian Security", *Pacific Review* 12, no. 1 (1999): 39-60; Kusuma Snitwongse, "ASEAN's Security Cooperation: Searching for a Regional Order", *Pacific Review* 8 (1995): 520; Jörn Dosch, *Die ASEAN: Bilanz eines Erfolges* (Hamburg:Abera Verlag, 1997); Foong Khong Yuen, "ASEAN and the Southeast Asian Security Complex", in *Regional Orders: Building Security in a New World*, edited by David A. Lake and Patrick M. Morgan (University Park, Pen.: Pennsylvania State University Press, 1997), pp. 318-39. For a very nuanced view, see Amitav Acharya, "Collective Identity and Conflict Management in Southeast Asia", in *Security Communities*, edited by Emmanuel Adler and Michael Barnett (Cambridge: Cambridge University Press, 1998), pp. 198-227.
3. Ron Jepperson et al., "Norms, Identity, and Culture in National Security", in *The Culture of National Security*, edited by Peter J. Katzenstein (New York: Columbia University Press, 1996), p. 54, quoted in Busse, op. cit.., p. 45.
4. One recent study has argued for the existence of an ASEAN community based on norm compliance with the Treaty of Amity and Co-operation (TAC) – which are standard in international law – but ignored the ASEAN-idiosyncratic norms of *mufakat* and *musyawarah*. See Busse, op.cit..
5. For recent examples, look at the Opening Statement by Surin Pitsuwan, Foreign Minister of Thailand at the 32nd ASEAN Ministerial Meeting, Singapore, 23 July 1999. See also Keynote address by Prime Minister Goh of Singapore, who referred to consensus decision-making as one successful core principle, 23 July 1999., http/: www.aseansec.org. For the scholarly side, see Hussin Mutalib, "At Thirty, ASEAN Looks to Challenges in the New Millenium", *Contemporary Southeast Asia* 19, no. 1 (1997): 78-79; and Busse, op.cit.
6. Amitav Acharya, "Ideas, Identity and Institution-Building: From the 'ASEAN Way' to 'Asia Pacific Way'?", *Pacific Review* 10, no. 3 (1997): 328-29. For a more elaborate distinction between behavioural and procedural norms in the ASEAN context, see Busse, op. cit., pp. 46-47.
7. For a more elaborate account, see Amitav Acharya, "Culture, Security, Multilateralism: The 'ASEAN Way' and Regional Order", in *Multilateralism, Arms Control and Security Building*, edited by Keith R. Krause (London: Frank Cass, 1999): 56-67.
8. For a detailed account, see Pushpa Thambipillai and J. Saravanamuttu, *ASEAN Negotiations: Two Insights* (Singapore: ISEAS, 1985), pp. 10-13.
9. See Michael B. Yahuda, *The International Politics of Asia-Pacific: 1945-95* (London and New York: Routledge, 1996), pp. 87-90; Michael Antolik, *ASEAN and the Diplomacy of Accommodation* (New York: East Gate, 1990), pp. 108-14; and Shaun Narine, "ASEAN and the Management of Regional Security", *Pacific Affairs* 71, no. 2 (1998): 198.
10. K.K. Nair, *ASEAN-Indochina Relations Since 1975: The Politics of Accommodation*, Canberra Papers on Strategy and Defence, No. 30 (Canberra: Australian National University, 1984), p. 15; and Antolik, op. cit., pp. 108-9.
11. Propelled partly by the need for domestic reconciliation between the Malays and Chinese, see Antolik, op. cit., pp. 112-13; and Heiner Hanggi, *ASEAN and the ZOPFAN Concept* (Singapore: Institute of Southeast Asian Studies, 1991), pp. 12-13.
12. On the development surrounding the Declaration, see Antolik, op.cit.; and Michael Leifer, "The ASEAN Peace Process: A Category Mistake", *Pacific Review* 12, no. 1 (1999): 33.
13. See Leszek Buszynski, "Southeast Asia in the Post Cold War Era", *Asian Survey*, 32, no. 9 (1992): 831.
14. Antolik, op.cit., p.142.

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15. Nair, op. cit., pp. 62-64.
16. Yahuda, op. cit:., p. 89.
17. Richard Nations, *Far Eastern Economic Review*, 9 May 1980, pp. 12-13.
18. Statement by the Chairman of the ASEAN Standing Committee on Escalation of the Armed Conflict Between Vietnam and Kampuchea, 9 January 1979; and Joint Statement, the Special ASEAN Foreign Ministers Meeting on the Current Political Development in the Southeast Asia Region, 12 January 1979.
19. Nayan Chanda, *Brother Enemy – The War after the War* (New York: Macmillan, 1986), pp. 348-49.
20. See Joint Communiqué of the Thirteenth ASEAN Ministerial Meeting, Kuala Lumpur, 25-26 June 1980.
21. John Funston, "Thailand's Diplomacy on Cambodia: Success of *Realpolitik*", *Asian Journal of Political Science 6*, no. 1 (1998): 62.
22. For an excellent perspective, see ibid., pp. 60-69.
23. Leszek Buszynski, "New Aspirations and Old Constraints in Thailand's Foreign Policy", *Asian Survey* 29, no. 11 (1989): 1057-72.
24. Interview with a witness to Soeharto's reaction, August 1999.
25. Parliamentary Statement on U.S. Site Survey Team, Brigadier General George Yeo, 4 August 1989.
26. J.N. Mak and B. A. Hamzah, "The External Maritime Dimension of ASEAN Security", in *The Transformation of Security in the Asia Pacific Region*, edited by Desmond Ball (London: Frank Cass, 1996), p. 142.
27. Khaw Guat Hoon, "The International Politics of Southeast Asia: Issues in 1989", in *Southeast Asian Affars* 1990 (Singapore: Institute of Southeast Asian Studies, 1990), pp. 15-16. See also Philip Methven, *The Five Power Defence Arrangements and Military Cooperation among the ASEAN States – Incompatible Models for Security in Southeast Asia?* Canberra Papers on Strategy and Defence No. 92. (Canberra: Australian National University, 1992), pp. 75-81.
28. Methven, op. cit., pp. 81-82.
29. *Asian Wall Street Journal*, 8 April 1992, quoted in Leszek Buszynski, *Asian Survey* 32, no. 9 (1992): 846; Derek da Cunha, "Southeast Asia's Security Dynamics: A Multiplicity of Approaches Amidst Changing Geopolitical Circumstances", *ISEAS Working Paper* 4 (1999), p. 19.
30. Michael Antolik, "ASEAN's Singapore Rendezvous: Just Another Summit?", *Contemporary Southeast Asia* 14, no. 2 (1992): 146.
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34. Manila Declaration, Philippines, 15 December 1987, section 5.
35. M. C. Abad, Jr, "Re-engineering ASEAN", *Contemporary Southeast Asia* 18, no. 3 (1996): 239.
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37. Joint Communiqué of the Twenty-Fourth ASEAN Ministerial Meeting, section 12-14, Kuala Lumpur, 19-20 July 1991.
38. See Leszek Buszynski, "Southeast Asia in the Post Cold War Era", *Asian Survey* 32, no. 9 (1992): 847; and *Jakarta Post*, 24 January 1992.
39. Interviews with Foreign Ministry officials, Jakarta, September 1999.
40. Leifer, *The ASEAN Regional Forum.*
41. This point is borrowed from the perceptive discussion in Leszek Buszynski, "Southeast Asia in the Post-Cold War Era", *Asian Survey* 32, no. 9 (1992): 846.
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43. Micool Brooke, "Thailand's New Policy for ASEAN?", *Asian Defence Journal* (February 1996), pp. 98-107.
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45. For details, see Bob Catley and Mamur Keliat, *Spratlys: The Dispute in the South China Sea* (Adershot, England: Ashgate, 1997); and Craig A. Snyder, "Building Multilateral Security Cooperation in the South China Sea", *Asian Perspective* 21, no. 1 (1997): 21-24.
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49. ASEAN Declaration on the South China Sea, Manila, Philippines, 22 July 1992.
50. Leifer, *The ASEAN Regional Forum*, p. 18.
51. Interview with academic participant in the Spratly Initiatives, August 1999.
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53. *Asiawek*, 14 April 1995, p. 32.
54. On the Chinese reaction, see Michael Leifer, *The ASEAN Regional Forum*, p. 38. See also Allen E. Whiting, "ASEAN Eyes China", *Asian Survey* 37, no. 4 (1997): 319-20.
55. *Bangkok Post*, 5 April 1995, p. 14; and *Asiaweek*, 14 April 1995, p. 32.
56. Craig A. Snyder, "Building Multilateral Security Cooperation in the South China Sea", *Asian Perspective* 21, no. 1 (1997): 27.
57. Lee Lai To, op. cit., p. 174. At the same time, Chinese officials made clear that this concession was not tantamount to a repudiation of Chinese claims to sovereignty over the area.
58. Interviews with ASEAN, Indonesian, and Philippine officials, September 1999. On threat perceptions, see Whiting, op. cit., pp. 299-322.
59. Some members have criticized the Philippine leadership for overreacting if not provoking China and using the incident for domestic purposes. See Whiting, op. cit., p. 300. The Mischief Reef incident coincided with heated discussions in the Philippines over an increased military budget.
60. Interviews with scholars and officials, Jakarta and Singapore, August/September 1999.
61. *Asiaweek*, 18 April 1997, p. 14; and *Asian Defence Journal* (May 1997), p. 1
62. See interview with Malaysia's Prime Minister Mahathir, hardly an outspoken Sinophobic, in *Asiaweek*, 9 May 1997, p. 34. Officials were also quoted as saying "Automatically ASEAN will support Vietnam. It's all for one and one for all", *Asian Defence Journal* (May 1997), p. 1.

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63. Defence Minister Chi Hao Tien, quoted in *Asian Defence Journal*, May 1997, p. 1.
64. *Asiaweek*, 18 April 1997, pp. 14-15. See also statements by Philippine Foreign Minister Roberto Romulo in 1995, *Asian Defence Journal* (February 1995), p. 87.
65. A more detailed discussion can be found in Rizal Sukma, "Indonesia's Bebas-Aktif Foreign Policy and the Security Agreement with Australia", *Australian Journal of International Affairs* 51, no. 2 (1997): 231-42.
66. SWB, FE/2487 B/2, 15 December 1995.
67. During a July 1995 visit Foreign Minister Alatas had failed to gain assurances from his counterpart Qian Qichen as to the status of the resource rich waters. See *Far Eastern Economic Review*, 28 December 1995, and 4 January 1996, pp. 18-19. See also Leonard C. Sebastian, "Enhancing the Security of Southeast Asia through the Deepening Web of Bilateral Relations", *Indonesia Quarterly* 24 (1996): p. 15; and Robyn Lim, "The ASEAN Regional Forum: Building on Sand", *Contemporary Southeast Asia* 20, no. 2 (1998): 125.
68. Interviews with scholars and officials, August/September 1999.
69. *Weekend Australian*, 16-17 December 1995, quoted in Alan Dupont, "The Australia-Indonesia Security Agreement", *Indonesia Quarterly* 24, no. 2 (1996): 204.
70. On the new partnership between Indonesia and Singapore, see SWB, 18 January 1996, FE/2512 B/4; on the interest of the Philippines, see Mohan Malik, "Securing Australia: From Alliances to Agreements", *Korean Journal of Defence Analysis* 10, no. 1 (1999): 182-83.
71. Burma's strictly isolationist policies under Ne Win kept it out of the ASEAN–Indochina antagonism, but also ruled out ASEAN membership.
72. Reservations revolved around economic discrepancies as well as strategic issues. For details, see Frank Frost, *Vietnam's Foreign Relations – Dynamics of Change*, Pacific Strategic Paper 6 (Singapore: ISEAS, 1993), pp. 65-66; and Matin Gainsborough, "Vietnam and ASEAN: The Road to Membership?", *Pacific Review* 6, no. 4 (1993): 385-86. See also Hoang Anh Tuan, "Why Hasn't Vietnam Gained ASEAN Membership?", *Contemporary Southeast Asia* 15, no. 3 (1993): 286-88; and *Asian Defence Journal* (December 1991), p. 122.
73. *Far Eastern Economic Review*, 4 August 1994, p. 15.
74. Barbara Dreis-Lampen, "ASEAN und die Europaeische Union", *Mitteilungen des Instituts für Asienkunde 287* (Hamburg: Deutsches Uebersee Institut, 1998), p. 173.
75. See comments by Philippine Senator Ernesto Herrera, quoted in *Bangkok Post*, 22 May 1995, p. 11, and by a non-ASEAN diplomat, quoted in *Asian Defence Journal* (April 1995), p. 82.
76. Leszek Buszynski, "Thailand's Foreign Policy - Management of a Regional Vision", *Asian Survey* 34, no. 8 (1994): 728.
77. Malaysia blocked the extension of observer status to Myanmar for the 1992 and 1993 Foreign Ministers Meeting. See Buszynski, op. cit., pp. 728-29; and Gunter Siemers, "Thailand Foreign Policy", "Myanmar 1992: Heading for 'Guided Democracy'?", *Southeast Asian Affairs* 1993 (Singapore: Institute of Southeast Asian Studies, 1993), p. 263.
78. R. H. Taylor, "Myanmar: New, but Different?", *Southeast Asian Affairs* 1995 (Singapore: Institute of Southeast Asian Studies, 1995), pp. 247.
79. The fervency of the two leaders might be explained by the aspiration to complete ASEAN under their helm; see Robert Cribb, "Burma's Entry into ASEAN: Background and Implications", *Asian Perspective* 22, no. 3 (1998): 53-54; and *Asian Defence Journal* (June 1997), p. 1.

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80. Referring to the consensus principle, Malaysian Foreign Minister Abdullah said that "events of the past few months have tested the very principles ASEAN has lived with", in *Asian Defence Journal* (August 1997), p. 1.
81. Quoted in Chandra Muzaffar, *Asian Defence Journal* (June 1997), p. 1. Personal interviews with Indonesian officials confirmed this interpretation, September 1999.
82. Thai Foreign Minister Prachuab, quoted in *Jakarta Post*, 11 July 1997.
83. On that debate, see John Funston, "Challenges Facing ASEAN in a More Complex Age", *Contemporary Southeast Asia* 21, no. 2 (1999): 216; and Anthony Smith, "Indonesia's Role in ASEAN: The End of Leadership?", *Contemporary Southeast Asia* 21, no. 2 (1999): 252. On the importance of international pressure on Cambodia, see Henderson, op. cit., pp. 39-40.
84. While difficult to gauge, the same probably applied to Malaysia's secret 1984 agreement.
85. Interview with ASEAN official, September 1999.
86. *Straits Times* (Singapore), 22 July 1999, p. 27. Thai Prime Minister Anand's consultations on AFTA also demonstrated a learning effect. They were an effort to overcome mistrust created by Chatichai, but policy objectives had not necessarily changed. See Buszynski, "Thailand's Foreign Policy", pp. 726-32.
87. See Henderson, op. cit., pp. 48-55.
88. Thailand and Malaysia, whose leadership otherwise disagree on the issue of non-interference, joined ranks in criticizing Howard's interference; see *Straits Times*, 25 September 1999, p. 35.

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ASEM: Looking Back, Looking Forward

YEO LAY HWEE

The Asia–Europe Meeting (ASEM) is a forum and a process involving the fifteen EU member states and the Commission, and ten East Asian countries. It is a product of the emergence of East Asia as an economic powerhouse in the 1990s, and the commercial embrace of Asia by many European countries. However, with the advent of the Asian economic crisis, the economic motivations underlying ASEM could not but be questioned. ASEM has seemingly survived the worst of the Asian economic crisis. But what lies ahead? Can ASEM continue without a fundamental reassessment of its basic rationale? This article is an attempt to chronicle the genesis and development of ASEM, and examine the challenges that lie ahead.

Introduction

ASEM is the acronym for the Asia–Europe Meeting, a co-operative framework established in March 1996 between Europeans as represented by the fifteen European Union (EU) member states plus the European Commission, and Asians as represented by ten East and Southeast Asian states comprising China, Japan, South Korea, Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam. ASEM was to be a symbol of Asia's and Europe's rediscovery of each other after a long period of relative neglect. It was first conceived to be the bridge between Asians and Europeans. The declared aim of ASEM was to reinforce the weak link in the triangle of relations between East Asia, North America, and Western Europe. These three regions were then depicted as the growth engines driving the world economy. While

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transatlantic and transpacific ties were well-established, strong ties between Europe and Asia were missing. To fill this gap, the idea of an Asia–Europe Meeting was initiated by Singapore Prime Minister Goh Chok Tong in October 1994.

There were many reasons behind the alacrity with which the idea of ASEM was taken up. Among them were the development of East Asia into an economic powerhouse, the formation of the Asia-Pacific Economic Co-operation (APEC) forum, the fears of a fortress Europe, and mutual interest in maintaining an open and multilateral trading system and countering American unilateralism. It was further argued that a balanced relationship among these regions would promote and ensure greater stability and prosperity in the world.

The inaugural Summit Meeting of ASEM in Bangkok in March 1996 got off to a good start. The range of initiatives and activities that followed engendered an ongoing process involving summit meetings, ministerial and senior officials meetings, and also expert meetings in various functional areas of co-operation. All these are now collectively referred to as the ASEM process. The plethora of activities in the wake of the Bangkok Summit reflected the initial enthusiasm and optimism of the parties involved. However, scepticism with regard to the long-term sustainability of the process, and criticisms about ASEM being more form than substance, have also been commonplace.

Below is an attempt to re-examine the underlying rationale of ASEM and explain its genesis and development thus far. It has been four years since the first Asia–Europe Summit was launched in Bangkok. What has been ASEM's achievements and what are the challenges that lie ahead in view of the various changes now taking place in Europe and Asia?

An Idea Whose Time Has Come?

Was ASEM a product of the post-Cold War world? Hans Maull and Akihito Tanaka believe that the realities of the changing power structure in the post-Cold War environment provide the backdrop for ASEM. More specifically, they offer the following reasons behind the genesis of ASEM:

- The growing complexity of power relations in a post-Cold War world where military power has lost its old dominance, and economic power and other forms of "soft power" have grown in importance.
- The rise of new actors such as China, leading to a general diffusion and dissipation of power in world politics.

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- The growing interdependence of foreign policy and domestic affairs.
- The emergence of Pacific Asia as one of the three centres of the world economy and world politics.
- A change in the geopolitical agenda where the management of adversarial great power rivalry is giving way to the prevention and management of serious internal disorder.
- The rise of new regional groupings and transborder regions such as APEC, NAFTA (North American Free Trade Agreement), and their growing importance.[1]

While not disputing Maull and Tanaka's overall thrust for the rationale behind ASEM, one is inclined to narrow down the specifics to the increasing economic dynamism of East Asia in the 1980s through to the 1990s, the trend towards regionalism in the world political economy, and the commercial race into Asian markets by Western countries.

The emergence of East Asia as one of the centres of the world economy seemed to be on track in the early 1990s. In 1992, East Asia accounted for 24 per cent of global production compared to 35 per cent for the EU, and 28 per cent for North America. The East Asian economies had been enjoying dynamic growth since the mid-1980s following a surge in Japanese investments because of the massive revaluation of the yen after the 1985 Plaza Accord. According to World Bank figures, real gross domestic product (GDP) growth in East Asia from 1991 to 1993 was 8.7 per cent on average. On the basis of growth rates recorded during 1978-91, many economists, including those from the World Bank, projected that East Asia's GDP would overtake that of North America in the year 2003, and that of Western Europe in 2011.[2]

While East Asia was growing at a dizzying pace, both the United States and the countries of Europe were experiencing a general slowdown. This led to the emergence of what Francois Godement, in his book *The Asian Renaissance*, called "the new age of mercantilism". To try and revive their own economies and gain a foothold in the Asian economies, most Western countries embarked on a "frantic commercial race towards Asia" and "mutual competition for contracts".[3] The European Union, stimulated by this competition and concerned with Europe's relatively weak response to the emerging economic prospects in Asia, began a process of re-assessing its relations with and roles in Asia. This culminated in the July 1994 communications on "Towards a New Asia Strategy", calling for greater engagement in Asia. Several

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European member states were also in the process of redefining their outlooks on Asia. In particular, "Britain's impending withdrawal from Hongkong pushed the government to rethink its Asia policy, just as the wearing out of the Indochinese rationale of French policy stimulated France's new Asian strategy...".[4] Germany was also reassessing its relations with Asia with its own paper, "Concept on Asia", in late 1993.

The emergence of APEC was another important catalytic factor. APEC was an immediate response from the East Asian economies (in this case, including Australia and New Zealand) to the growing regionalism in the world economy. It was seen as a logical response to meet the challenges of EC92 and NAFTA. When APEC was first launched in 1989, it was ignored by the Europeans. Europe only woke up to the APEC challenge when the first APEC Summit was held in Seattle in 1993. For the first time in post-war history, a major international meeting took place without any European presence. The European Commission sought to have the European Union (EU) join APEC in some form, but was refused. The idea therefore of an Asia-Europe summit became attractive as it offered a sort of conduit to the APEC process, as then, nine out of the ten Asian ASEM members were also APEC members.

On the side of the Asians, attracting more European investments and tapping European expertise and technology to sustain the economic boom in East Asia was one of the key practical calculations. Trade between the two regions had increased over the years, but the same could not be said of investments. Figures from the Report by the European Commission and the UNCTAD Division on Transnational Corporations and Investments showed that while EU investments in some parts of Asia have been growing, on aggregate, European investments in Asia dropped from 5.1 per cent of the EU's total foreign direct investment (FDI) in 1990 to 2.8 per cent in 1993. This drop in investments from the EU was a major concern for many East Asian economies.

In addition, because much of the dynamism of the East Asian economies is based on an export-oriented, trade-led development strategy, the continued access to European markets is therefore an important consideration. Lingering fears of a "fortress Europe" shutting out Asian exports from its single market; and uncertainties about a Europe consumed with its internal affairs such as enlargement, and the implications of a single currency, also provided strong impetus for the East Asian countries to court the Europeans.

Concern was also growing among the Asians and Europeans about American unilateralism. As the Cold War era of military conflicts and ideological rivalry faded, economic issues gained precedence. Economic

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competitiveness is increasingly viewed as the essential foundation of national interests and security. This was especially prominent in the foreign policy debates of the United States in the late 1980s and early 1990s. In focusing on the pursuit of specific economic interests, the United States is less willing to provide unconditional support for the liberal international economic order. This is, in part, because it believes it can no longer afford to do so, and in part because the anti-communist geopolitical rationale for doing so no longer exists. The signals that the management of the U.S. economy and polity have sent to other players in the international economy have caused a questioning of continued U.S. commitment to multilateralism. Having each other as active partners was seen as one possible way of countering this unhealthy tendency. Being major traders in the global economy, Asia and Europe both have an interest in maintaining an open and multilateral trading system.

These broad factors — a wavering U.S. commitment to a multilateral framework, the dynamism of the East Asian economies, and the potential regionalization of the global economy — interacted with the individual concerns and calculations of the EU and the countries of East Asia, leading to Europe and Asia rediscovering each other.

ASEM's Development and Achievements

Against this background of the growing self-confidence of the East Asian economies and coinciding mutual interests of key Asian and EU players, the EU was sold on the idea of a meeting to bring Asia–Europe relations on par with transatlantic and transpacific relations. Europe and Asia had in the past lacked a proper framework for exchanging views on issues of common concern and addressing matters of co-operation. Much of the Asia–Europe dialogue (with the exception of the ASEAN–EU dialogue) had occurred in other multilateral fora, and had tended to be overshadowed by their respective dialogues with the United States. Thus, the idea of an exclusive Asia–Europe meeting which would allow the Europeans to deepen their relationship with Asia and to complement other inter-regional dialogues the EU had with other partners, was welcomed. Once this idea was endorsed, preparations proceeded in earnest, and within a year, the inaugural Asia–Europe Meeting took place in Bangkok. That meeting was hailed a success. For the Asians, the political symbolism of having sixteen European leaders journey to Bangkok was in and of itself important. It was to be a symbol of Asia's new status on the world stage, and Europe's recognition of that status. It was also to be a statement of faith that the two regions could find new ways of working together to set the stage for a new framework

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for the post-Cold War order.[5] For the Europeans, the summit was seen as a success as it concluded with a whole list of initiatives and follow-up actions. Concrete decisions on some recommendations were taken, giving the European leaders enough to assure the public at home that it was all worthwhile. A process was established when the following commitments were taken:

- to hold a meeting of ASEM Foreign Ministers in February 1997 (Singapore) and a meeting of ASEM Economic Ministers in November 1997 (Japan);
- to hold the second ASEM summit in London in 1998, and the third in Seoul in 2000;
- to form a Government and Private Sector Working Group to prepare an Investment Promotion Action Plan;
- to inaugurate the Asia–Europe Business Forum in France in October 1996 and to hold the next forum in Thailand in 1997;
- to create an Asia–Europe Foundation to promote cultural and intellectual exchanges;
- to create an Asia–Europe University Programme to foster an exchange of students and academics;
- to create an Asia–Europe Environmental Technology Centre (AEETC) in Thailand; and
- to prepare an Asia–Europe Co-operation Framework to establish the long-term principles of co-operation.[6]

Apart from the above specific commitments, several other generic proposals were also included in the Chairman's Statement:

- to strengthen political dialogue;
- to enhance existing dialogues on general security issues through the ASEAN-EU Ministerial Meetings, the ASEAN Regional Forum, and the ASEAN Post-Ministerial Conference;
- to promote the effective reform and greater democratization of the United Nations;
- to pursue systematic and progressive efforts to reduce nuclear weapons globally;
- to generate greater trade and investment flows between Asia and Europe;

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- to strike an economic partnership that is based on common commitments to the market economy, an open multilateral trading system, non-discriminatory liberalization, and open regionalism;
- to work towards a common WTO (World Trade Organization) agenda at its first Ministerial Meeting in Singapore;
- to intensify science and technology exchanges, particularly in agriculture, information technology, energy and transport and to strengthen co-operation in education and training;
- to improve development co-operation, with priority given to alleviating poverty, promoting the role of women, and combating AIDS; and
- to co-operate in combating drug trafficking, money laundering, and illegal immigration.

Assessments of the achievements of ASEM are varied and contrasting. Going by face value, the achievements of ASEM might appear considerable as almost all the specific commitments undertaken during the first Summit meeting in Bangkok have been realized or even surpassed. Two ASEM Foreign Ministers Meetings and two Economic Ministers Meetings have taken place so far. In addition, ASEM Finance Ministers have met twice during this short period of four years. The second Summit was held in London amidst the Asian economic crisis. There were initial fears that the Asian crisis might derail the nascent ASEM process. This, however, did not happen. The London Summit reaffirmed the commitment to make ASEM a success. An ASEM Trust Fund was set up to help the crisis-hit countries in the restructuring and reform of their financial sectors. Commitments were also undertaken to keep the European markets open for Asian exports. During this Summit, several other important decisions were also taken. The Trade Facilitation Action Plan (TFAP), the Investment Promotion Action Plan (IPAP), and the AEETC were officially launched. A draft Asia–Europe Co-operation Framework was adopted, and to show that the partners were serious about the long-term relationship, an Asia–Europe Vision Group was commissioned to provide ideas for the development of the ASEM process into the next century.

Another concrete achievement of the ASEM process was the establishment of the Asia–Europe Foundation (ASEF) in February 1997. ASEF was launched in Singapore with the objective of promoting better mutual understanding between Asia and Europe through greater intellectual, cultural and people-to-people exchanges. ASEM partners

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pledged a total of some US$22 million for the operations of the Foundation. Since its launch, ASEF has organized or supported various activities. These range from its own flagship Asia–Europe Lecture series — public lectures by high-profile speakers from Asia or Europe — to an ASEF Summer School for undergraduates, and the co-organizing of many other seminars or conferences with topics ranging from economic issues, to labour relations, cultural issues and human rights. (See Appendix 1 for the full list of ASEF activities.)

The annual Asia–Europe Business Forum (AEBF), which commenced in Paris in October 1996, brings together prominent businessmen from all ASEM countries. It serves as a platform for networking and discussion of issues affecting trade, investment, and business collaboration between Asia and Europe. Despite talk that it has been losing steam, and is already showing signs of fatigue, a commitment has been made by Austria to host the fifth AEBF in Vienna in 2000.

Beyond these regular summits, ministerial and senior officials' meetings, business fora, experts' meetings on trade facilitation and investment promotion, many other *ad hoc* initiatives have also been taken up. (For a complete listing of ASEM and ASEM-related activities, see Appendix 2.) The range of initiatives and follow-up actions engendered an ongoing process that seem to confound the harshest critics that ASEM is like passionate love — a spur of the moment and a "feel good" thing that cannot be sustained. The seemingly healthy functioning of ASEF, which is by far the most concrete manifestation of the ASEM process, further reinforces the perception that ASEM is here to stay.

However, a more comprehensive and deeper analysis of the results of the various meetings would reveal a different picture. While supporters of ASEM would point to follow-up meetings and activities generated in the past few years and give ASEM the thumbs up, ASEM's detractors are not far from the truth when they say that from all these many meetings, fora and activities, no concrete results have been produced beyond public declarations extolling confidence in ASEM.

Where then does the reality lie? The assessments made by supporters and detractors alike are both valid. What really divides these two camps are their different expectations of ASEM, of what ASEM can deliver, because of their different interpretations of what ASEM is and should be.

Supporters of ASEM tend to take a long-term view. They look at ASEM as a process designed to bring about greater understanding and effect a *rapprochement* between Asia and Europe in the long run. They point to the dearth of knowledge each region has of the other, and the lack of robustness in the cultural and intellectual foundations of

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the relationship after decades of mutual neglect. To them, ASEM is an overarching, all-purpose forum for dialogue and exchange of views to rebuild the foundations for a long-lasting relationship. The process of getting acquainted with each other again will be slow and long-drawn out. No quick-fix and instantaneous results can be expected. In addition, the results of ASEM would likely be more intangible and hence difficult to measure. In the words of Sir Leon Brittan, "the tools of the ASEM process may be technical ones — the creation of programmes for improving trade and investment, for securing business internships, or for cultural exchanges — but their goal will ultimately be a psychological one — to whittle away the barriers of misunderstanding that have made our two cultures, traditions and political and economic systems seem further than they really are".[7]

ASEM's detractors, on the other hand, tend to look for short-term concrete results. While not totally denying the value of the ASEM process, their belief is that the process cannot be sustained without concrete results. They want to look beyond process and towards results. They question the value of meetings which produce nothing but rhetoric. Shada Islam, a Brussels-based journalist, has captured exactly the mood of ASEM's detractors by saying that "if ASEM is to survive into the new millennium, it must be more than a forum for debate and exchange of views".[8]

An objective assessment of ASEM's achievements should start with a realistic appraisal of the explicit and implicit goals of ASEM. From the impetus behind ASEM, one can safely assume that the overarching objective of ASEM is to open a channel for dialogue between Asia and Europe and to strengthen the relationship in the hope that this would result in:

- more trade and investments between the two regions;
- greater co-operation on WTO matters to ensure the maintenance of an open, multilateral trading system; and,
- balancing the influence of the United States.

ASEM's achievements must be evaluated against this backdrop. For the past four years, efforts have been concentrated on these areas. Measures were taken to try and achieve concrete results in the more specific goals of increasing trade and investments and of reaching some sort of agreement on WTO matters as a counterweight against any unilateral U.S. moves. The Trade Facilitation Action Plan (TFAP) and the Investment Promotion Action Plan (IPAP) are examples of the former. There have also been important milestones, such as the launch in 1997

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of ASEMConnect, an Internet-based tool to facilitate co-operation in the business sector; and then in 1999, the launch of the Virtual Information Exchange (VIE), an important tool to foster transparency of investment regimes in all ASEM countries.

With regard to the WTO and the multilateral trading system, extensive consultations were carried out before the first WTO Ministerial Meeting in Singapore in December 1996. However, results of the WTO consultations have been limited because of genuine differences. This is beginning to show more clearly especially after the Asian crisis. While both regions are generally committed to the multilateral order, differences have emerged on many specifics, such as labour standards and the need for a new comprehensive round of trade talks. Critics of the ASEM process are sceptical about how far co-operation between Asia and Europe can extend without common values and binding institutions.

On the need to balance U.S. influence and counter increasing U.S. unilateralism, the stark reality is that both the EU and more so the Asian ASEM members are unable to act in concert. The EU is still sorting out a common foreign and security policy, and the Asians are still hesitant about institutionalizing their inter-state co-operation. This lack of common position, and the inability to act in unison has meant that neither Europe nor Asia can really temper America's increasingly unilateral behaviour. If trying to get the EU alone or the ten Asian ASEM members to act in unity is already a considerable chore, what more can one expect of Asia–Europe co-operation in countering U.S. influence? Until such time when an Asia–Europe *rapprochement* is achieved, and common values established, ASEM will remain the weak link in the triangle of relations governing East Asia, North America, and Europe.

Another reality about ASEM, often forgotten in the midst of all the frantic activities that followed the Bangkok Summit, is that it was never really meant to be a forum for negotiations and the conclusion of binding agreements. At the outset, ASEM was only intended to be a forum for leaders and officials to get to know one another and exchange views. The fact that there are now expectations for ASEM to produce concrete results, to conclude and implement agreements, is in some ways a testimony of the initial success of ASEM. "Success" breeds expectations. The high profile nature of summitry triggered a sense of euphoria and generated expectations beyond what ASEM was initially intended to be. Jacques Santer, then President of the European Commission, put ASEM in perspective when delivering an Asia–Europe Lecture organized by ASEF. He said: "... the ASEM process cannot replace or substitute for the other bilateral, regional or multilateral fora

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in which Asia and Europe interact. It would rather complement and stimulate these other fora, with a special added value based on ASEM's unique comparative advantage and reflecting in particular its multi-dimensionality, its informality and its high political profile." Percy Westerlund put this even more bluntly by pointing to the fact that the informal nature of ASEM meant that it is "an excellent forum for sending political signals and for the concerting of efforts, but the end results of ASEM will often depend on implementation at the bilateral level".[9]

ASEM is entering its fifth year and will be holding its third Summit meeting in the new millennium. Enough expectations have been generated with regard to the ASEM process. People are now looking for benchmarks along the way to see how far ASEM has travelled, and if it is heading in any clear direction. Many challenges lie ahead for ASEM. The conditions under which ASEM was first broached and ultimately launched in 1996 have changed significantly with the advent of the Asian economic crisis. There were calls for Europe to readjust its ties with Asia in the midst of this crisis. Though ASEM managed to survive the Asian crisis, will it survive into the new millennium by continuing with what it has been doing so far?

The Director of European Affairs at the Thai Foreign Ministry, in a speech to a conference on "Asia–Europe at the Eve of the 21st Century", held in Bangkok in August 1999, acknowledged that there was a rising trend of disinterest and declining enthusiasm with regard to ASEM at the political level, brought about in part by the Asian economic crisis and the European preoccupation with deepening the EU's financial and economic integration. Most recently, Germany's Deputy Foreign Minister, Dr Ludger Volmer, called for a re-examination of Europe's relationship with Asia "from one anchored mainly on economics to that emphasising human rights, democratisation and values".[10] Is there therefore a need to re-orientate ASEM? And if so, what are the significant changes that ASEM must undertake to remain relevant and retain the interest and commitment of its various members? In short, what does the future hold for ASEM?

The Future of ASEM: Problems and Challenges

For the last four years, the focus of ASEM has been on process and not results. Critics would say it is more symbolism than substance. However, the symbolism itself has been of significant value in the initial years of ASEM. Of course, the expectation now is that ASEM should move beyond symbolism to the substance of Asia–Europe relations. This is one of the real challenges facing ASEM. But even before ASEM

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takes up this challenge, there are more immediate dangers that ASEM members must address if interest in the ASEM process is to be sustained. These are the dangers of a haphazard proliferation of ASEM activities, resulting in forum fatigue and waste of resources; and the need to address the criticism that ASEM has been too top-down in its approach, too officious, and too élitist in its orientation.

Haphazard Proliferation of Activities: Forum Fatigue, Declining Interest and Waste of Resources

As illustrated earlier and captured in detail in Appendix 2, in a short span of about four years since the first meeting in Bangkok, many activities have been generated under the ambit of ASEM. However, it is also precisely this proliferation of activities that is now cause for concern. As pointed out by Percy Westerlund, Director-General of DG 1 of the European Commission, a proliferation of follow-up meetings without any sense of focus or direction would only lead to wasteful duplication, and dissipation of energies and precious resources. The danger of having all sorts of follow-up activities simply for the sake of "showing progress" but without any specific orientation or direction is not only a waste of resources but might also result in "forum fatigue", and in the long-run, general disinterest. Compounding this problem is the fact that the goals of some of these activities are either vague or remote so that no one feels the pressure to take any specific action immediately.[11]

Such mushrooming of activities, however, is a reflection of a more fundamental problem: that is, while ASEM's broad objective of strengthening Asia–Europe co-operation is clear, the reality is that the specifics of the objective are still evolving. If one looks at the whole gamut of activities that has been carried out, some can be clearly seen as steps taken to fulfill the economic objective, such as the Trade Facilitation Action Plan (TFAP), Investment Promotion Action Plan (IPAP), and the regular Business Forum. Others, such as the Conference on Traditional and Modern Medicine, are, however, rather dubious.

The need to review priorities is all the more urgent at this juncture when both the EU and the Asia-Pacific states are so caught up in their own domestic and regional affairs — the EU with the issue of enlargement, and the reconstruction of southeastern Europe, particularly the Balkans; and the Asians with managing the recovery of their economies and coping with the political and social fall-out of the Asian economic crisis.

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The Top-down Approach: Too Officious and Élitist

Some scholars and observers have criticized ASEM for being too élitist and top-down in its approach, with not enough participation and input from civil society. These criticisms are not unfounded, and the challenge is for ASEM to address them in the years to come. The danger of a top-down approach is that government changes within the ASEM countries might affect policy continuity. The reality is that there are different levels of interest among the Europeans concerning Asia. Compounding this, the frequent changes in governments, particularly in the European countries, often result in the pursuit of different priorities. One case in point is the change in leadership in France to a socialist government under Lionel Jospin, who seems to have little or no interest in Asia. Fortunately, the President of France, Jacques Chirac, has shown great enthusiasm in engaging Asia, and still has a major influence on France's foreign policy orientation. Similarly, when the German Social Democrats under Gerhard Schroeder replaced the Kohl government, there were fears about the implications of a Red-Green coalition government on Germany's Asia policy.

There are indications that the Asian economic crisis and the European preoccupation with deepening Europe's financial and economic integration have resulted in a rising trend of disinterest and declining enthusiasm in ASEM at the political level.[12] While such political inertia has to be countered at the political level, what would ensure the long-term continuity of ASEM is the building of linkages at all levels of society. Asia–Europe relations should not just be a project for governments. It is about building ties and networks between interest groups, businesses, professionals, and young people. Hence, borrowing the words of the late Derek Fatchett, then Minister of State of the British Foreign and Commonwealth Office, "we must establish contacts at all levels, from grey-suited government officials to back-packing young people, from business people with lap-tops to designers with sketch-books".[13]

The need for ASEM to respond to an approach that is not too officious and an agenda that is less élitist also comes from the increasing trend in domestic politics in even the Asian countries – a desire for greater participation, the need for accountability, and the call to focus on human development rather than just economic development. ASEM, as a process, will have to continue to evolve and to adapt in order not to be "out of sync" with what is happening in Asia and Europe.

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The Challenge of Enlargement

The issue of membership expansion has surfaced a few times in the past four years but has now been side-stepped. This is primarily because of the inability to agree on the specifics and the criteria for membership. ASEM leaders and officials are, of course, fully aware that Europe and Asia are larger entities than the sum total of ASEM. The official rhetoric is that ASEM should be "an open and evolutionary process". Beyond agreeing that "discussions would continue on the timing and modalities concerning expansion of membership" and reiterating the simple principle that "enlargement should be based on consensus by the Heads of State and Government",[14] nothing more has been decided. There is as yet no agreement on procedures and pace for enlargement, though there are already some ten or more applicants, among these, Australia, New Zealand, India, and Pakistan.

There are several potential points of contention regarding membership expansion. Should membership in the EU or ASEAN automatically qualify a country for membership in ASEM? This issue spawned a debate back in 1997 when Myanmar and Laos joined ASEAN. There was no agreement even among the Asian members. While Malaysia was keen to support the idea of including Myanmar and Laos in ASEM, Indonesia and some other Asian members came out to refute the idea of automatic inclusion. The latter course was taken in order not to derail the nascent ASEM process in view of the EU's strong objections to Myanmar's participation because of its domestic human rights situation. As it is, Myanmar's membership of ASEAN has already stalled the much older ASEAN-EU dialogue.

On the other hand, the differences in the legal position and constitution of the EU, compared to ASEAN, would mean that new EU members would have to be automatically included in all its dialogue relationships. Therefore, in the case of the EU, new members would automatically become part of the ASEM process. While this is not likely to happen until 2003 or beyond, the prospects of having an expanded ASEM seemingly weighted in favour of the Europeans (at least numerically) has to be dealt with. Precisely because of such a prospect, there has been a sort of initial in-principle agreement that the first round of expansion should be on the Asian side. However, still no specific criteria have been arrived at, though initial discussions broached criteria such as the applicant's "degree of engagement with Asia and Europe". For example, one could use trade and investment figures to assess the extent of economic engagement and the intensity of diplomatic relations. Interestingly, when discussions were held in 1995 to decide on the potential participants of ASEM, for Asia the most

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important consideration then was to include dynamic economies which had contributed to the region's prosperity and growth.[15]

Of late, the emerging consensus, however, seems to be to impose a sort of moratorium on membership. The general feeling is that it might not be desirable to admit new members as ASEM is still at an embryonic stage. As it stands, the current ASEM comprising twenty-six countries is an extremely diverse group with plenty of scope for disagreement. It is therefore more important now to consolidate its co-operation than to look at expansion.

The Limits to Asia–Europe Co-operation: The Lack of Common Values and Common Institutions

A fundamental issue for ASEM to resolve in the coming years is the decision with regard to the degree of "formalization" and "institutionalization". Should ASEM remain an informal entity with as little institutions as possible? Is it enough for ASEM to be merely a process? Without the necessary common values and institutions, can ASEM move beyond merely a forum for discussions and debates to produce concrete results on the issues discussed?

The institutionalization of the ASEM process is an issue which may be taboo at this juncture. Most ASEM members have maintained that they want to keep ASEM as an informal process with as little institutionalization as possible. For instance, the idea of having a "lean but effective" ASEM Secretariat, one of the many recommendations made by the Asia–Europe Vision Group, has been almost unanimously rejected for now.

However, the reality is that if the ASEM process is to continue to make progress, it will only become more, not less complex. Institutionalization may be unavoidable in the long-run if only to manage the myriad activities and meetings at all levels. The proliferation of activities in the last few years has already created the need for at least some sort of mechanism to guide and manage the process. Currently, in line with the expressed desire to keep institutionalization to a minimum, a rudimentary structure of the ASEM process has evolved, as reflected in Figure 1, that relies on "co-ordinators" from the Foreign Affairs departments of ASEM member states and the External Relations/Trade Directorate of the Commission. But how far can this structure support or constrain the evolution of the ASEM process is an issue that requires serious examination. In a way, it brings us back to the fundamental question of what member states want ASEM to be, and the vision they have with regard to the future of ASEM.

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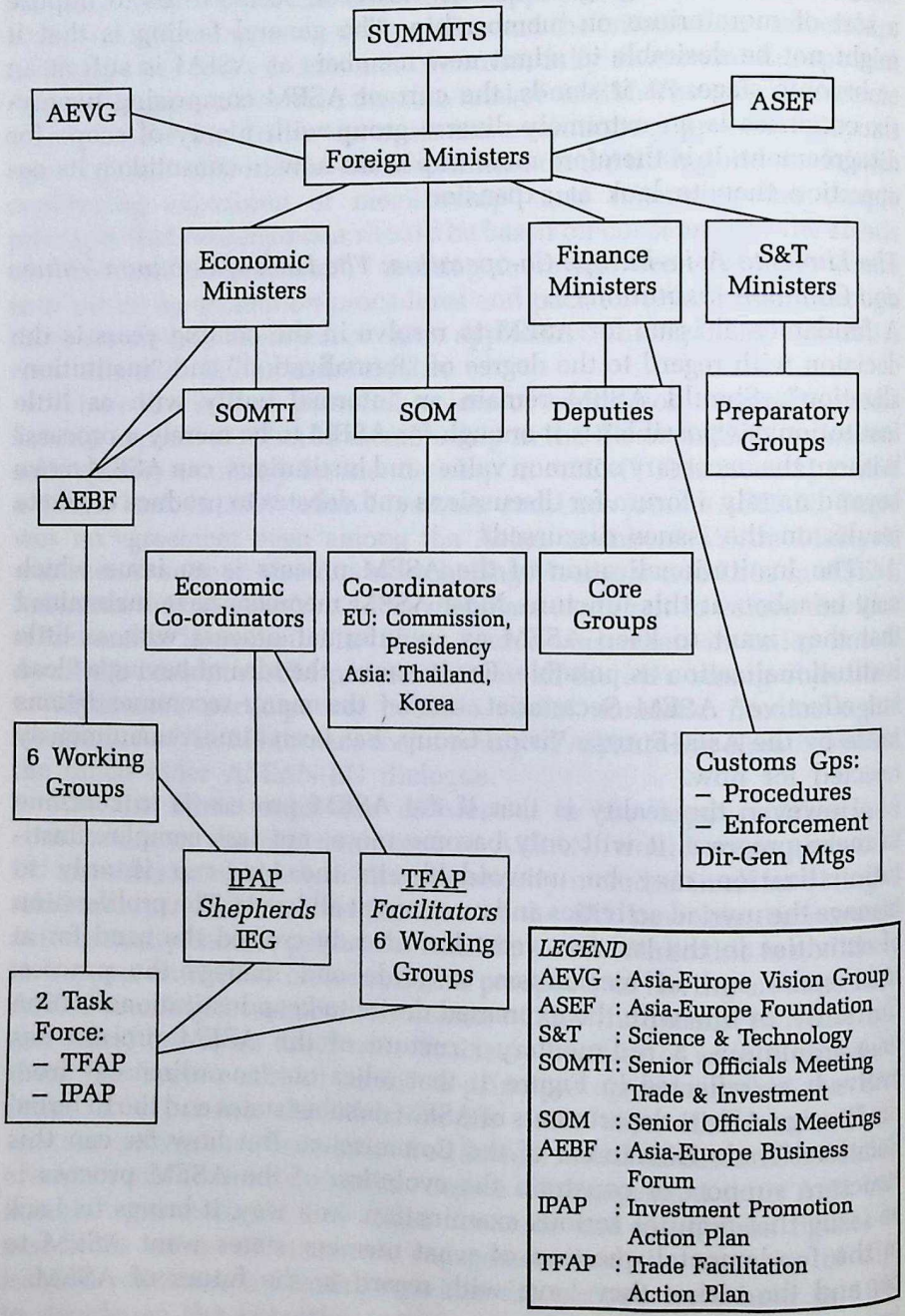
FIGURE 1
The ASEM Structure



SOURCE: http://europa.eu.int/comm/dg01/euasem.htm

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The struggle to find common values and a common cause to bind members together in the ASEM process is another challenge that has to be met. As noted earlier, ASEM started with a very practical underpinning — to enhance trade and investment opportunities; and to co-operate in the economic arena to ensure an open, multilateral trading system, and keep U.S. unilateralism in abeyance. However, the economic motivation behind the ASEM venture has been called into question in the midst of the Asian economic crisis. While most Asian ASEM members have preferred the Asia–Europe relationship to be anchored mainly in economics, some European members are beginning to question such an approach. The political and social fall-out of the Asian economic crisis has given Europe the impetus to review its ties with Asia. To the Europeans, it is simply not possible to get involved in Asia on purely economic grounds. The signal to emphasize human rights, democratization and values in Europe's relationship with Asia was sent out by one of the key European players, Germany, through its Deputy Foreign Minister in a recent speech at the World Economic Forum.

The emphasis on political dialogue on human rights and democratization is a particularly sensitive matter. Positions on these issues are still well apart between some European and Asian ASEM members. Putting the focus on political dialogue in the ASEM process now might only generate more friction and constrain ASEM's future development. The fear is that ASEM might become another case of the current ASEAN-EU relationship which has been marred in recent years by a sense of political inertia and intense irritation over the human rights agenda in general, and the Myanmar issue in particular.

Another interesting academic question that has surfaced in examining ASEM is whether it should be viewed and treated as an inter-regional dialogue, or should it be seen as a dialogue among twenty-six actors. The great institutional gap between a well-defined regional entity like the EU and a loose coalition of ten East Asian countries just seems too wide to treat ASEM as an inter-regional dialogue. Scholars have tried to get around this academic question by calling ASEM a trans-regional dialogue. By this, it is meant that a more diffuse membership, not necessarily coinciding with regional organizations, make up the two groups engaged in the dialogue. While the question over whether ASEM is an inter-regional dialogue or a multilateral forum of twenty-six individual actors may be academic, it does have practical implications on the limits of Asia–Europe co-operation.

Hans Maull, Gerald Segal, and Jusuf Wanandi have argued in the preface to the book, *Europe and the Asia Pacific*, that ASEM be best seen as a cluster of relationships rather than a neat relationship between

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two coherent units in view of the "ASEMmetries" both within and between the two regions. It is therefore more fruitful to think in terms of "variable geometry" — "the notion that different states will work together on specific issues. There is no need for everyone to cooperate on all issues".[16] In this scheme, "ASEM then should not be judged on whether it can reach coherent agreement among 26 actors on specific policy issues, but rather whether on aggregate, it is conducive to the creation of a series of closer Euro-Asian relations".

Conclusion

ASEM got off to a splendid start with more fanfare than did APEC. It began with a summit of twenty-six European and Asian leaders. Though it was very much a feel-good summit with emphasis on informality and a loose agenda, it prompted a plethora of activities, follow-up meetings, and initiated a process of dialogue between Europe and Asia. There is now a host of ministerial meetings, senior officials meetings, and working groups, and even an Asia–Europe Foundation and an Asia–Europe Environmental Technology Centre, that together have set the basis and network for a greater Asia–Europe partnership.

Notwithstanding this positive start, ASEM remains a loosely organized process, which is an easy target for sceptics who often point to its non-focused nature. The sceptics are of the opinion that only the creation of a more formal body can secure the momentum of ASEM. Given the different levels of interest among the Europeans about Asia and governmental changes, there are fears whether there will be follow-up action and policy continuity with regard to ASEM if there is no formal set-up to bind members together. However, this view has been opposed by many ASEM members who prefer to keep ASEM as an informal process rather than engage in premature institutionalization. The preference is for inclusive informal networks rather than exclusive institution-building.

After a long period of mutual neglect, it does seem sensible to treat ASEM as a long-term process of getting both Asia and Europe re-acquainted. As Brian Bridges has put it, "it is difficult to move quickly from a tradition of mutual neglect to one of mutual interest, understanding and benefit. Commitment and education are required". And this has to involve not only politicians, policy-makers and bureaucrats, but also businesses, communities and individuals. "Although inter-regional initiatives such as the ASEM process can undoubtedly help cast a more favourable and positive framework and environment, much will continue to be done — and indeed needs to be done — at the level of bilateralism, between individual European and Asian countries

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or between their companies and peoples".[17] This pertinent point is shared and reiterated by several European and Asian leaders alike, that ASEM should not and will not replace or overshadow the various bilateral relationships that exist between individual European and Asian countries, or between the EU and its key Asian partners. It is also acknowledged, particularly after the Asian economic crisis, that closer engagement in the ASEM process must include a wide variety of social, economic, cultural, and educational interest groups. Economic motivations alone cannot sustain the process.

Asia and Europe still have a long way to go in building a stronger, more varied, and long-lasting relationship based on equality and honesty. ASEM was the first step taken towards this ultimate goal. The members are now content to focus on process. However, the nagging question of whether it is enough for ASEM to travel well than to finally arrive will continue to be a point of endless debate. What more can ASEM do to ensure the momentum towards a common destination? Is there even a common destination? And if there is indeed one, are there any landmarks along this long and winding path that would lead it in the right direction towards that common destiny?

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APPENDIX 1

Activities Organized or Co-sponsored by ASEF

I. FLAGSHIP EVENTS

The Asia–Europe Lecture

Jacques Santer, President of the European Commission, "Asia and Europe: The Road from Bangkok to London and Beyond", Singapore, 13 January 1998.

Anand Panyarachun, former Prime Minister of Thailand, "Economic Management and Good Governance", Bangkok, 17 February 1998.

Jean-Claude Juncker, Prime Minister of Luxembourg, "A Vision of Europe in the 21st Century", Singapore, 1 June 1998.

Colloquiums

Colloquium with Mr Patrick Imhaus, "Satellite TV: A Bridge between Asia and Europe", Singapore, 7 April 1997.

Colloquium with Professor Wolf Lepenies, "The End of the Cultural Westernisation of the World?", Singapore, 4 March 1998.

ASEF Colloquium for Journalists, "How can Europe Help Asia Without Provoking a Backlash", Singapore, 12 October 1998.

Colloquium on Human Rights and Human Responsibility, Hamburg, 20-21 November 1998.

ASEF Colloquium for Journalists, "A Preview of the Indonesian Elections", Jakarta, 12-14 May 1999.

Europe-Asia Forum

"Two Views, One Vision", Singapore, 20-21 February 1998.

30 April–1 May 1999, Munich (Germany).

II. INTELLECTUAL EXCHANGE

ASEF Meeting of Editors, "Building Bridges With Images", Luxembourg, 25 October 1997.

Meeting of Deans of Business Schools, Madrid, 15-17 January 1998.

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Conference on "Societies in Transition: Asia and Europe at a Moment of Change", London, 3-4 April 1998.

Asian Financial Crisis Meeting, Paris, 11-12 May 1998.

EMU Roadshows, Hongkong, 10 July 1998; and Singapore, 1 March 1999.

Inaugural Workshop with the Programme for Europe-Asia Research Linkage (PEARL) Network, Seoul, 7-9 October 1998.

Conference on Trade, "A New Round of Multilateral Trade Negotiations: An Asia–Europe Perspective", Brussels, 5-7 July 1999.

III. CULTURAL EXCHANGE

Asia–Europe Cultural Forum, Paris, 5-6 February 1998.

Conference on "Touring East and Southeast Asian Arts in Europe: Exploring Cooperation", London, 1-4 April 1998.

Seminar on Conservation of the Built Heritage, London, 11-12 May 1998.

ASEM II Cultural Events, London, March-July 1998.

ASEF Meeting of Publishers, "How to Promote Understanding Between Asia and Europe Through Publications", Frankfurt, 6 October 1998.

ASEM Experts Meeting on Protection and Promotion of Cultural Heritage, Hanoi, 20-22 January 1999.

Asian Film Festival, Deauville, 5-7 March 1999.

Cultural Managers Training Seminar, Barcelona, 25 March-1 April 1999.

Meeting of Cultural and Educational TV Channels, Cannes, 13-14 April 1999.

Conference on Cultural Industries and Cultural Development, Beijing, 19-21 May 1999.

Asia–Europe Young Entrepreneurs Forum, Berlin, 8-9 October 1999.

Symposium on Images of Asia in Europe and Europe in Asia, Copenhagen, 27 October 1999.

IV. PEOPLE-TO-PEOPLE EXCHANGE

ASEF Young Parliamentarians' Meeting, Cebu (Philippines), 13-16 November 1996.

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Seminar on Website Twinning of High Schools, Copenhagen, 15-17 May 1998.

Launch of Asia–Europe Classroom Website, Singapore, 2 December 1998.

Summer School for Undergraduates, Reutlingen (Germany), 12-24 July 1998; and Beijing (China), 22 August–5 September 1999.

Asia–Europe Classroom Exhibition, Berlin, 30 March–11 April 1999.

Workshop on Sustainable Forest Management, Joensuu, 5-6 July 1999.

Cities on the Move, Bangkok, 9-30 October 1999.

Meeting on the Formation of Education Hubs in ASEM, Fontainebleau, 25-28 November 1999.

APPENDIX 2

ASEM Activities/Initiatives

I. CORE MEETINGS

Asia–Europe Leaders Summit

1st ASEM Summit, Bangkok, 1-2 March 1996.

2nd ASEM Summit, London, 3-4 April 1998.

3rd ASEM Summit, Seoul, 20-21 October 2000.

Foreign Ministers' Meeting

1st ASEM Foreign Ministers Meeting (FMM), Singapore, 15 February 1997.

2nd ASEM FMM, Berlin, 28-29 March 1999.

Senior Officials' Meeting (Foreign Ministry)

1st Senior Officials' Meeting (SOM), Dublin, 20 December 1996.

Preparatory Meeting for 1st FMM, 14 February 1997.

2nd SOM, Luxembourg, 30-31 October 1997.

3rd SOM, London, 19-20 February 1998.

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Preparatory Meeting for London Summit, 2 April 1998.

4th SOM, Bangkok, 27-28 October 1998.

Preparatory Meeting for 2nd FMM, Berlin, 27-28 March 1999.

5th SOM, Rovianensi, 2-3 November 1999.

ASEM Co-ordinators' Meeting

In 1996, ASEM Co-ordinators' Meetings were held in:

Rome, 15 June.

Jakarta, 22 July.

Tokyo, 24 October.

In 1997, ASEM Co-ordinators' Meetings were held in:

Kuala Lumpur, 26 July.

Makuhari, 28 September.

In 1998, ASEM Co-ordinators' Meetings were held in:

Tokyo, 13 January.

Bangkok, 16-17 March.

London, 1 April.

Manila, 26 July.

In 1999, ASEM Co-ordinators' Meetings were held in:

Berlin, 29 January.

Singapore, 26 July.

Economic Ministers' Meeting

1st ASEM Economic Ministers' Meeting (EMM), Makuhari, 27-28 September 1997.

2nd ASEM EMM, Berlin, 9-10 September 1999.

Senior Officials' Meeting (Trade and Investment)

1st ASEM SOMTI, Brussels, 25 July 1996.

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2nd SOMTI, Tokyo, 5-6 June 1997.

Preparatory Meeting for 1st EMM, Tokyo, 26-27 September 1997.

3rd SOMTI, Brussels, 5-6 February 1998.

4th SOMTI, Singapore, 11-13 February 1999.

5th SOMTI, Brussels, 7-8 July 1999.

Preparatory Meeting for 2nd EMM, Berlin, 7-8 October 1999.

SOMTI Co-ordinators' Meeting

To prepare for the 1st EMM, four SOMTI Co-ordinators' Meetings were held:

Tokyo, 30 January 1997.

The Hague, 25 April 1997.

Tokyo, 7 June 1997.

Luxembourg, 21 July 1997.

To prepare for the 2nd EMM, four SOMTI Co-ordinators' Meetings were held:

Bangkok, 24 July 1998.

Geneva, 27 November 1998.

Brussels, 20 September 1999.

Berlin, 7 October 1999.

Finance Ministers' Meeting

1st ASEM Finance Ministers' Meeting (FinMM), Bangkok, 19 September 1996.

2nd ASEM FinMM, Frankfurt, 15-16 January 1999.

Financial Deputies' (Senior Officials) Meeting

1st Financial Deputies' Meeting, London, 5 February 1998.

2nd Financial Deputies' Meeting, Vienna, 18 December 1998.

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Financial Core Group Meeting

The Core Group meetings bring together officials from ten Asian ASEM partners and the EU Troika plus the Commission. Such meetings have generally been held in Washington on the margins of regular IMF/IBRD Meetings. So far, five such meetings have taken place: on 1 October 1996, 30 April 1997, 5-6 October 1998, 26 April 1999 and 27 September 1999.

ASEM Customs Director-Generals and Commissioners' Meeting

1st Customs DGs and Commissioners' Meeting, Shenzhen, 21 June 1996.

2nd Meeting, Vienna, 20 June 1997.

3rd Meeting, Brussels, 23 June 1999.

ASEM Customs Working Group on Enforcement

1st Meeting, Brussels, 7–8 February 1997.

2nd Meeting, Brussels, 6–7 February 1998.

3rd Meeting, Brussels, 5–6 February 1999.

ASEM Customs Working Group on Procedures

1st Meeting, Brussels, 21–22 March 1997.

2nd Meeting, Brussels, 16–17 March 1998.

3rd Meeting, Manila, 26 February 1999.

II. BUSINESS SECTOR MEETINGS / CONFERENCES / PROGRAMMES

Asia–Europe Business Forum

1st Asia–Europe Business Forum (AEBF), Paris, 14-15 October 1996.

2nd AEBF, Bangkok, 13–14 November 1997.

3rd AEBF, London, 2–3 April 1998.

4th AEBF, Seoul, 29 September–1 October 1999.

Symposium on Economic Synergy

Tokyo, 4 June 1997.

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Asia–Europe Business Conference

Jakarta, 8–10 July 1997.

Symposium on Infrastructure Financing

Frankfurt, 3 September 1997.

Asia–Europe Small and Medium Enterprises Conference

Naples, 28-30 May 1998.

ASEMConnect

ASEMConnect was proposed at the 2nd AEBF and officially launched during the London Summit. It is an electronic resource network to provide the business community, particularly the SMEs (small and medium enterprises), with easy access to information on trade opportunities, consultancy and business-matching services.

III. INVESTMENT AND TRADE PROMOTION PROGRAMMES

Investment Promotion Action Plan (IPAP)

During the Bangkok Summit, the Chairman's Statement noted that a joint government and private-sector working group would be convened to draw up an Asia–Europe Investment Promotion Action Plan (IPAP) to promote greater cross-flows of investment.

The IPAP was prepared through Working Group meetings held in:

Bangkok, 7–9 July 1996.

Luxembourg, 28–29 July 1997.

The 1st EMM in Makuhari (27-28 September 1997) endorsed the IPAP, and agreed on the setting up of an Investment Experts' Group (IEG) to assist SOMTI in following up on IPAP initiatives. The IPAP was fully adopted at the London Summit in April 1998.

Preparatory work continued during this period through meetings of IEG Shepherds in:

Brussels, 5 February 1998.

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Bangkok, 24 July 1998.

Investment Experts Group (IEG) Meeting:

1st IEG Meeting, Evian, 23-24 November 1998.

2nd IEG Meeting, Singapore, 11-12 February 1999.

3rd IEG Meeting, Brussels, 5-6 July 1999.

Trade Facilitation Action Plan (TFAP)

The feasibility of establishing a Trade Facilitation Action Plan was first discussed during the 1st SOMTI Meeting in July 1996. SOMTI requested Shepherds to elaborate on a TFAP proposal including principles, objectives, priority areas, concrete goals, and implementation mechanisms.

The TFAP Shepherds met on the following occasions to produce a final draft that was finally adopted by the London Summit:

Singapore, 15 February 1997.

Tokyo, 4 June 1997.

Makuhari, 25 September 1997.

Manila, 19 December 1997.

Tokyo, 14 January 1998.

Tokyo, 3-4 February 1998.

Singapore, 11-13 February 1999 (to review progress in each area).

With the adoption of the TFAP at the London Summit, working groups were formed around various priority areas, and the following meetings and seminars were held:

TFAP Thematic Meeting on Standards, Accreditation, Certification, Testing and Technical Regulations, Brussels, 30 September – 2 October 1998.

TFAP Seminar on Quarantine and SPS Procedures, Chiang Mai, 3-5 February 1999.

TFAP Seminar on Simplification and Harmonisation of Customs Procedures, Manila, 23-25 February 1999.

TFAP Thematic Meeting on Standards, Seoul, 10-12 March 1999.

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TFAP Thematic Meeting on Intellectual Property Rights, Paris, 24-25 June 1999.
TFAP Thematic Meeting on Government Procurement, Berlin, 14-15 September 1999.
TFAP Meeting on Standards, Brussels, 4-6 October 1999.
TFAP Seminar on Industrial Districts and Technology Transfer, Bari, 5-6 October 1999.
TFAP Seminar on SPS, Beijing, 23-25 November 1999.

IV. ASEM'S ENVIRONMENTAL, SCIENCE AND TECHNOLOGICAL CO-OPERATION

Asia–Europe Expert Meeting on Technological Co-operation

Beijing, 24-25 April 1997.

ASEM Science and Technology Ministerial Conference

1st Preparatory Meeting, Beijing, 25-26 November 1998.

2nd Preparatory Meeting, Brussels, 17-19 March 1999.

ASEM Science and Technology Ministerial Conference, Beijing, 14-15 October 1999.

Meeting of Environment Officials and Technology Transfer Centres

Dusseldorf, 3-4 March 1998.

Asia–Europe Environmental Technology Centre (AEETC)

During the ASEM Bangkok Summit, Thailand proposed the set-up of an Asia–Europe Environmental Technology Centre (AEETC) to facilitate exchange of knowledge and technology between existing environmental technology centres in the two continents. A series of meetings were held to fine-tune this proposal:

1st Pre-meeting of Experts, Bangkok, 27 May 1997.

2nd Pre-meeting of Experts, Bangkok, 27 October 1997.

Special Meeting among Asian ASEM Experts, Bangkok, 19 December 1997.

Senior Experts Meeting on AEETC, The Hague, 27-28 January 1998.

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Following these meetings, the final proposal was presented to the London Summit for endorsement. The proposal for an AEETC was accepted at the London Summit and launched in Thailand. The AEETC was officially opened in Bangkok on 29 March 1999.

V. ASEM INITIATIVES IN THE PEOPLE-TO-PEOPLE SECTOR

Symposium on Multimedia and the Future of Electronic Media

Mainz, 2-6 June 1997.

ASEM Action on Child Welfare

The ASEM Action on Child Welfare evolved from the Framework of the United Nations Convention on the Rights of the Child, and the Plan of Action agreed upon at the Stockholm World Congress against the Commercial and Sexual Exploitation of Children. The primary aims of the ASEM Action on Child Welfare are to enhance exchange of information and experiences on child welfare and encourage greater co-operation among ASEM countries in this area. To achieve these objectives, two meetings bringing together governmental and non-governmental experts from Asia and Europe were held to discuss the various issues:

Manila, 15-16 June 1998.

London, 6-8 October 1998.

ASEM Seminar on Labour Relations

The Hague, 26-27 October 1998.

ASEM Conference on States and Markets

Copenhagen, 8-9 March 1999.

ASEM Seminar on Traditional and Modern Medicine

Hanoi, 18-19 March 1999.

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VI. ASEM INITIATIVES IN THE CULTURAL AND INTELLECTUAL FIELDS

Asia–Europe Young Leaders' Symposium

1st ASEM Young Leaders' Symposium (YLS), Miyazaki and Tokyo, 10–14 March 1997.

2nd ASEM YLS, Baden and Vienna, 25–29 May 1998.

3rd ASEM YLS, Kangwon and Seoul, 24–28 May 1999.

Asia–Europe University Relations

1st Roundtable Discussion on Asia–Europe University Relations, Brussels, 25–26 November 1996.

2nd Roundtable Discussion on Asia–Europe University Relations, Kuala Lumpur, 19–20 December 1996.

Europe-Asia Forum on University Relations, Naples and Rome, 16-18 January 1997.

Asia–Europe University Forum and Fair, Kuala Lumpur, 17–19 March 1998.

ASEM Symposium on Human Rights and the Rule of Law

Lund, 11–13 December 1997.

Conference on "Societies in Transition: Asia and Europe at a Moment of Change"

London, 19–22 March 1998.

ASEM Experts' Meeting on Protection and Promotion of Cultural Heritage

Hanoi, 20-22 January 1999.

ASEM Informal Seminar on Human Rights

Beijing, 28-29 June 1999.

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VII. ASEM INITIATIVES IN RESPONSE TO THE ASIAN FINANCIAL CRISIS

ASEM Trust Fund

During the London Summit, the leaders announced the creation of an ASEM Trust Fund at the World Bank to help finance technical assistance and provide advice on restructuring the financial sector, and finding effective ways to redress poverty. Four ASEM Trust Fund Donors and World Bank meetings were held in:

Brussels, 8 July 1998;

Bangkok, 20 January 1999.

London, 22 July 1999.

Jakarta, 3-4 February 2000.

Further such meetings are held every six months, alternating between venues in Europe and in Asia.

European Financial Expertise (EFEX) Network

Another initiative in response to the Asian financial crisis was proposed during the London Summit. The EFEX Network set up by the European Commission facilitates access by donors or governments to a wide range of specialized expertise on the reform of the financial sector. The EFEX Network commenced activities in September 1998 and is now fully operational.

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Indonesia's China Policy in the New Order and Beyond: Problems and Prospects

IAN JAMES STOREY

This article examines Indonesia's perceptions and policies towards China during the New Order era (1965-99) and the prospects for bilateral relations in the post-New Order period. For the first two decades of President Soeharto's rule, Indonesian policy towards China was marked by hostility, and stemmed from the 1965 Gestapu Affair. Bilateral relations remained frosty until the mid-to-late 1980s when Soeharto initiated a gradual policy of rapprochement *with China. This led to the restoration of diplomatic relations in 1990 and Indonesia's policy of engagement with China. Despite improved economic relations, a number of obstacles stood in the way of closer Sino-Indonesian relations in the 1990s. The new government of President Abdurrahman Wahid must tackle these obstacles if bilateral relations are to move forward in the twenty-first century.*

Introduction

Relations between Indonesia and the People's Republic of China (PRC) were characterized by hostility and suspicion during much of the New Order era, and witnessed only a gradual improvement in the 1990s. In 1967, a year after Soeharto became President, Indonesia suspended diplomatic relations with the PRC in retaliation for Beijing's alleged involvement in the 1965 Gestapu Affair, an abortive coup attempt carried out by elements of the Indonesian Communist Party (PKI), and seen by the Indonesian Armed Forces (ABRI) as an attempt by Beijing to turn Indonesia into a communist client state. For the next twenty years,

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the Indonesian leadership spurned all contact with the PRC, believing China's ultimate ambition was to assert hegemony over Southeast Asia by supporting regional communist insurgency movements, or through overt military action. Because Chinese Indonesians were also implicated in the coup, the ethnic Chinese community suffered widespread discrimination and persecution during Soeharto's rule.

Bilateral ties improved gradually from the mid-1980s onwards, motivated by domestic factors in Indonesia and China's more pragmatic foreign policy under Deng Xiao-ping. Direct trade between the two countries was restored in 1985, and diplomatic relations in 1990. Jakarta's new policy of engagement with China encouraged greater economic and political ties, a policy seen as beneficial to Indonesia's economic development and regional stability. Indonesia's policy of engagement helped improve bilateral relations, but a number of obstacles lay in the path of closer Sino-Indonesian relations. Firstly, the Indonesian leadership remained opposed to the communist ideology and continued to warn of the dangers of communism and a revival of the PKI. Secondly, discrimination against the ethnic Chinese community remained rife in the 1990s. This occasionally strained relations with Beijing, especially when racial tensions turned to violence. Thirdly, Indonesia's suspicions of China's regional intentions were reinforced by the PRC's increasingly assertive behaviour in the South China Sea. The Indonesian leadership was particularly concerned at China's claim over the territorial waters surrounding the Natuna Islands. The prospects for an improvement in bilateral relations seemed bright following the election of President Abdurrahman Wahid in October 1999. However, the existence of racial tensions, the continuing influence of the armed forces, and the unresolved territorial dispute present significant obstacles in the path of improved Sino-Indonesian relations.

Background: Sino-Indonesian Relations, 1965-85

In order to understand Indonesian perceptions and policies towards the PRC during the New Order era, it is necessary to outline the strained relations between the two countries during the period 1965-85. During the latter period of President Soekarno's rule, relations between Indonesia and China had grown closer as both countries pursued radical anti-Western and anti-imperialist foreign policies. Domestically, Soekarno relied heavily on the support of the Indonesian Communist Party (PKI), which itself had close links with the Chinese Communist Party (CCP). This close relationship between Indonesia and the PRC on the one hand, and the PKI and the CCP on the other, was a major concern for ABRI. Anti-communist sentiment was already strong within

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the armed forces, and stemmed from the 1948 communist uprising in Medan when ABRI was fighting for independence from the Netherlands. The armed forces also considered communism inimical to the national ideology of Pancasila, the 1945 Constitution, and national development.[1]

On 31 October 1965, elements of the PKI tried to seize power in an event which became known as the Gestapu Affair. ABRI took this opportunity to put an end to communist influence in Indonesia by striking decisively at the coup leaders. In the aftermath of the Gestapu Affair, Soekarno, who had been implicated in the coup, was forced to transfer power to Major-General Soeharto, who established the New Order regime with himself as President. The leaders of the PKI were arrested, tried and executed, and the organization was banned. Hundreds of thousands of PKI members and supporters were massacred in a bloodbath which followed the coup. The New Order blamed the abortive coup on the PKI which, they alleged, had received its instructions from Beijing. According to the official view, China's aim in supporting the coup had been to turn Indonesia into a communist satellite of the PRC. Although no evidence was ever produced to prove China's complicity in the coup, Beijing's pernicious influence in the events of 1965 became an established fact. In September 1967, against a background of rising tensions between the two countries, Indonesia suspended diplomatic relations with China. Another victim of the Gestapu Affair was Indonesia's ethnic Chinese community. Long a target for racial persecution, they were singled out by the government as being the mainstay of PKI support, although again, no evidence was ever produced. Thus, the government looked on the ethnic Chinese as "tools" of the Chinese Government who had worked to establish communism in the country. As a result, the ethnic Chinese community received harsh treatment. Chinese schools were closed down, the use of Chinese characters and language was banned, and the observance of Chinese festivals forbidden.

In the New Order, ABRI, with Soeharto at its head, occupied the apex of power, allowing it to exert a decisive influence over the conduct of foreign policy decision-making. The New Order prioritized economic development, and pursued closer links with those countries able to provide Indonesia with foreign aid and investment, such as Western countries and Japan.[2] Indonesia did not see China as being able to contribute to the country's economic development. Moreover, China was perceived as a security threat, and ABRI opposed all further contacts with the PRC after 1967. The armed forces believed that China's ultimate ambition was to dominate Southeast Asia by supporting communist insurgency movements and direct military action. ABRI warned that a Sino-Indonesian *rapprochement* would lead to a resurgence of communism in Indonesia, resulting in internal instability

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which, in turn, would impede economic development. Although China ended its material aid to regional communist movements in the mid-1970s in an effort to gain ASEAN's support for its anti-Soviet policies, Beijing continued to provide moral support to these parties, including the PKI. As far as Jakarta was concerned, China had to sever all links with regional communist parties, promise never to interfere in Indonesia's internal affairs, and apologize for its involvement in the Gestapu Affair before relations could be normalized. ABRI's suspicions of China's regional intentions were reinforced by China's 1979 attack on Vietnam, which was interpreted as an indication that the PRC was willing to use force in pursuit of its national interests in Southeast Asia, and that it was ready to interfere in the internal affairs of its neighbours in matters relating to the ethnic Chinese.[3] In the 1980s, Indonesia opposed China's policy of "bleeding Vietnam white", as it saw Vietnam as a useful buffer against perceived Chinese expansionism in Southeast Asia. Indonesia's opposition to this policy found expression in the 1980 Kuantan Declaration.[4] ABRI's sympathy for Hanoi, and its hostility towards Beijing, introduced significant strains within ASEAN during the Cambodian crisis.

The Indonesian Ministry of Foreign Affairs (MFA), however, held that Jakarta should pursue a more realistic and constructive policy towards China during the New Order era. This was particularly true after the Sino-U.S. *rapprochement* of 1972, and China's establishment of diplomatic relations with Malaysia, Thailand, and the Philippines in the mid-1970s. The MFA had supported China's application to join the United Nations in 1971, but the military had opposed the move, forcing Indonesia's U.N. ambassador to abstain.[5] Indonesian Foreign Minister Adam Malik was willing to restore diplomatic relations with China in 1973.[6] However, in the first few decades of the New Order regime, President Soeharto allowed ABRI's views on Indonesian policy towards China to prevail over those of the MFA.

Indonesia's Engagement Policy with China

In the mid-1980s, Indonesia began a process of cautious engagement with the PRC which eventually led to the restoration of diplomatic relations in 1990. The decision to improve relations with China was not, however, the result of changing perceptions within ABRI towards China. In fact, right up to the restoration of Sino-Indonesian relations, ABRI continued to view China through the prism of national security, warning that closer relations between the two countries would lead to a revival of the PKI. The change in policy was made by President

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Soeharto, who came to see the merits of a more constructive relationship with China.

Soeharto's desire to improve relations with China was motivated by three factors. First and foremost were economic considerations. By the mid-1980s, the Indonesian economy was experiencing a downturn caused by a slump in global oil prices. Indonesia was keen to find new export markets for its primary commodities, such as petroleum, palm oil, and timber. The government identified China as a market with tremendous potential. By 1985, China's economic reform programme was in full-swing, and many of Indonesia's ASEAN partners were already taking advantage of this situation by increasing their exports to the PRC. The Indonesian Government was keenly aware that it was in danger of losing out to Malaysia and Thailand in terms of commodity exports to China. As a result of economic necessity, and against the advice of ABRI,[7] Soeharto allowed Indonesia to restore direct trade with China in July 1985. Secondly, Soeharto wanted Indonesia to play a more prominent role in world affairs, and was especially keen for his country to become the leader of the Non-Aligned Movement (NAM). A greater role in Asian affairs, and especially among developing countries, would require normalized relations with China. Thirdly, although ABRI continued to warn of the dangers of closer links with China, the Indonesian Government as a whole became more relaxed about the national security aspect of Sino-Indonesian relations. During the latter part of the 1980s, the Chinese Government had substantially scaled back its relations with regional communist parties. This was a reflection of improved Sino-Soviet relations (Beijing had always held that it could not terminate its links with regional communist parties in case the USSR-Vietnam supplanted its role) and China's more pragmatic foreign policy which emphasized economic modernization. Moreover, Jakarta realized that China's growing economic and military power was transforming the PRC into a major player in the Asia-Pacific region, and one which could not be ignored, especially given Indonesia's regional leadership aspirations.

The restoration of direct trade in 1985 was the first step towards improved Sino-Indonesian relations. The next step was to begin normalization talks. These talks were made possible by concessions from both Jakarta and Beijing. In 1988, Jakarta dropped its demand that China apologize for its alleged role in the 1965 Gestapu Affair. In February 1989, Chinese Foreign Minister Qian Qichen met with President Soeharto in Tokyo and assured him that Beijing would not interfere in the internal affairs of Indonesia and that it would not support the PKI.[8] The path to normalization was open.

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Sino-Indonesian diplomatic relations were restored in August 1990. During the ceremony in Jakarta, both sides were keen to demonstrate their good intentions. Chinese Premier Li Peng noted that the restoration of ties would not only "open up broad vistas for all round co-operation between us in the political, trade, scientific, technological, educational and cultural fields" but also "exert a positive impact on peace and common progress in Asia".[9] Indonesian Foreign Minister Ali Alatas declared that restored relations would enable Indonesia to play a greater role in Asian affairs, give Jakarta access to the Chinese market, and help foster regional peace and stability.[10] Under the terms of the agreement on the resumption of diplomatic relations, Jakarta agreed to maintain a one-China policy, although Indonesia would be permitted to maintain economic and trade links with Taiwan. On the subject of the ethnic Chinese, the two governments agreed not to recognize dual nationality.

Following the resumption of diplomatic ties, Sino-Indonesian relations showed a marked improvement, especially in the economic sphere. Both Jakarta and Beijing highlighted the complementarity of their two economies. Indonesia has rich natural resources and was eager to increase exports of plywood, petroleum, rattan, timber, paper pulp, and chemical fertilizers to China. In turn, China was interested in increasing its exports of primary commodities to Indonesia, including soybeans, cotton, fodder, coal, as well as industrial machinery, and manufactured goods.[11] During the August 1990 ceremony, the two sides signed a trade agreement designed to increase the flow of trade by granting each other most-favoured-nation status.[12] As can be seen from Table 1, Sino-Indonesian trade experienced sustained growth between 1990 and 1997, declined sharply during the Asian financial crisis, but began to recover in 1999.

During the Asian financial crisis, China offered Indonesia a range of bilateral aid to ease economic hardship in the country. This aid included a US$3 million grant aid to buy medicine and US$200 million in export credits over a two-year period.[13] Beijing also contributed US$500 million to the International Monetary Fund's (IMF's) US$43 billion bail-out package for Indonesia. The Indonesian Government was grateful for this help, and also for the PRC's decision not to devalue the yuan.[14]

The Asian financial crisis marked the beginning of the end of the New Order regime. In May 1998, Soeharto was forced to resign as President following riots in Jakarta, sparked by the state of the economy and his 1997 re-election. His successor, B.J. Habibie, held power between May 1998 and October 1999, and pushed through a series of economic and democratic reforms. However, as will be examined later, during

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TABLE 1
Sino-Indonesian Trade, 1990-99
(In US$ billions)

Year	*Indonesian Exports to the PRC*	*Indonesian Imports from the PRC*	*Total Trade*
1990	0.834	0.653	1.487
1991	1.191	0.835	2.026
1992	1.396	0.752	2.148
1993	1.249	0.936	2.185
1994	1.419	1.215	2.634
1995	1761	1.586	3.347
1996	2.057	1.598	3.655
1997	2.67	1.84	4.51
1998	1.83	0.91	2.74
1999*	2.19	1.18	3.37

* January–September 1999

SOURCE: For 1990-97, Asian Development Bank, *Key Indicators of Developing Asian and Pacific Countries 24* (London: Oxford University Press, 1998); for 1998-99, Ministry of Foreign Trade and Economic Co-operation, PRC.

Habibie's rule, Sino-Indonesian relations experienced tension over the violent attacks against the ethnic Chinese community in the Jakarta riots.

Obstacles to Closer Relations

Although the 1990s witnessed an improvement in Sino-Indonesian relations, particularly in the economic sphere, relations were far from warm, as a number of obstacles existed which impeded the development of closer relations. These obstacles included continuing anti-communist sentiment among government officials, the ethnic Chinese problem, and Indonesian concerns at China's assertive behaviour in the South China Sea, and its implications for the Natuna Islands gas project.

Anti-Communism in Indonesia

One important impediment to closer Sino-Indonesian relations after the re-establishment of diplomatic ties was the strong anti-communist sentiment expressed by New Order officials. This was in stark contrast to Indonesia's ASEAN partners, who had gradually toned down their anti-communist rhetoric in the mid-1980s as Cold War tensions eased and China severed its links with communist insurgents in Southeast Asia. However, in Indonesia, the government continued to warn the population against the dangers of communism and a possible revival

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of the PKI. As the PKI was firmly associated with the PRC in the minds of the ruling élite, relations with China could never be too close lest Beijing re-activated its support for the outlawed communist party.

Anti-communism remained strong in Indonesian Government circles for three main reasons. Firstly, there can be no doubt that the 1965 Gestapu Affair had left a profound impression on those who had witnessed the events. This was particularly true of the ABRI officers involved. Many of the junior officers involved in putting down the coup were, by the 1990s, in senior positions and opposed to communism because of the chaos it had caused in 1965. Secondly, the 1965 Gestapu Affair was a legitimizing factor for the New Order regime. The New Order had been born at a time of great political strife and, according to the official government line, Soeharto and ABRI had "rescued" Indonesia from the PRC-backed PKI. Therefore, no attempt could be made to reassess the events of 1965 without undermining the legitimacy of the New Order regime. As a result, during Soeharto's rule, there was no debate on the origins of the coup, nor any academic research. On the thirtieth anniversary of the coup, the government enforced a ban on the publication of memoirs written by former PKI members on the grounds that they contained "politically perverting information" which could "mislead future generations".[15] After the fall of Soeharto, Indonesian historians and political analysts called for a thorough reassessment of the events of October 1965. However, President Habibie's government made no attempt to do so as its legitimacy too rested on the thirty years of New Order governance.

Thirdly, the New Order used anti-communist rhetoric as a tool to silence government opposition and inhibit the growth of democracy. For example, it was reported that villagers who opposed government development projects were routinely arrested and charged with membership of the PKI.[16] The New Order also used the spectre of communism to tarnish the image of political parties which opposed the government, especially the Indonesian Democratic Party (PDI). In July 1996, security forces raided the headquarters of the PDI, sparking riots in Jakarta. ABRI claimed that the raid netted documents purportedly showing the PDI to have a similar organizational structure to the PKI and that it was employing similar tactics.[17] In early 1997, President Soeharto blamed communist groups for a series of riots that had taken place across the archipelago.[18] Soeharto accused the rioters of using Maoist tactics of seizing control of rural villages before launching attacks on major cities.[19] He warned that should these communist groups spread their activities, the country's economic development would be jeopardized.[20] Intellectuals, political observers, and the liberal press periodically called for an end to the New Order's anti-communist witch-

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hunt, and for Indonesia to lay to rest the ghosts of the past and concentrate on tackling contemporary problems, such as corruption and social disparities.

These three factors account for the continuing persecution of PKI members and repeated government warnings on the perils of communism during the New Order regime. Former PKI members were barred from entering the armed forces, the civil service, state-controlled industries, teaching, and journalism. This restriction was extended to family members of the PKI, even if they themselves had no connection with the organization. In August 1995, the government announced that the *eks tapol* (ET) mark on identity cards, which identified the holders as former political prisoners, would be removed.[21] However, ABRI spokesman Brigadier-General Sowarno Adiwijoyo said that the replacement identity cards would still contain information allowing the security forces to identify former PKI members.[22] Susilo Sudarman, Co-ordinating Minister for Political and Security Affairs, said that the removal of the ET classification did not mean that the government was lowering its guard against "the latent dangers of communism".[23] As for those who had been imprisoned for their role in the 1965 coup, many remained incarcerated more than thirty years after the event. Under President Habibie, ten political prisoners arrested for their role in the Gestapu Affair were finally released in March 1999.[24] However, according to Amnesty International, a further ten elderly men associated with the events of October 1965 remained in jail.[25] During his eighteen months in power, President Habibie was not averse to playing the anti-communist card either, warning against a revival of communism and urging people to remember the events of 1965.[26]

The Ethnic Chinese Problem

During the 1990s, discrimination against the ethnic Chinese continued at both official and unofficial levels. Racially motivated attacks against Chinese Indonesians served to strain relations between Jakarta and Beijing, especially when the latter condemned such persecution. This reinforced the notion held in some quarters of the Indonesian Government that China was ready to interfere in the internal affairs of Southeast Asian countries when it came to the status of the ethnic Chinese, despite its assurances otherwise.

For ABRI, the status of the ethnic Chinese was an issue of national security. ABRI believed that Beijing had attempted to utilize the Chinese Indonesians to seize power through the PKI in 1965. Although this attempt had failed, the armed forces remained convinced that China might try to extend its influence again in Indonesia through its links with the ethnic Chinese. To prevent communist elements from "infiltrating"

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the government, the ethnic Chinese were barred from entering the armed forces, the civil service, and state-owned industries. As mentioned earlier, Chinese schools were closed down, Chinese characters banned, and the teaching of the Chinese language forbidden. In the 1990s, these restrictions remained largely in place. In 1995, the government did allow students who wanted to enter the tourism industry to learn Mandarin. However, licences to teach the language were controlled by the Indonesian intelligence agency, and issued under strict conditions — namely, that language instructors could not teach Chinese culture, politics, or literature.[27] ABRI also remained sensitive to any actions taken by the Chinese Government which might be interpreted as interfering in Indonesia's internal affairs. One such incident occurred in the April 1994 Medan riots, during which ethnic Chinese shops and businesses were attacked, and one Chinese Indonesian killed. At the height of the trouble, the Chinese Foreign Ministry issued a statement urging the Indonesian Government to put an end to the anti-Chinese riots.[28] This statement came in for a good deal of criticism from Indonesian officials, many of whom considered it as interference in the internal affairs of the country.[29] Theo Sambuaga, vice-chairman of the Parliament's Foreign Affairs Commission, called the PRC's comments "excessive",[30] whilst Justice Minister Utoyo Usman said: "China had better mind its own internal affairs... Events such as those that took place in Medan happen in many other countries".[31]

Deprived of the opportunity to enter government service, Chinese Indonesians turned their energies towards business, reinforcing their dominance over commercial activities in Indonesia. This served to create negative perceptions of the ethnic Chinese community on two levels. First, a small number of ethnic Chinese businessmen had established close connections with the Soeharto regime, and enjoyed great benefits from this political patronage in the form of tax breaks, easy credit, and near monopolies over some forms of trade.[32] As these ethnic Chinese grew richer, resentment towards them from indigenous Indonesians grew stronger. A common perception among Indonesians was that all ethnic Chinese were rich, even though most were not. Resentment manifested itself in several ways. One was the Indonesian bureaucracy's habit of using the ethnic Chinese as milch cows. Another, more violent manifestation was the anti-Chinese riots which broke out periodically across the Indonesian archipelago. Secondly, although Chinese Indonesians had contributed greatly to the country's economic development, ABRI considered their economic success as a national security concern. These concerns were based on two contradictory arguments. The first centred on the notion that Chinese Indonesian businessmen who invested in the PRC were being "disloyal" to their adopted country

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and were diverting resources away from national development.[33] The second concerned the domination of Indonesian commerce by the ethnic Chinese. According to ABRI's chief of staff for socio-political affairs, Lieutenant-General Hartono, this domination created resentment, which led to internal instability, which in turn slowed economic growth.[34]

The Indonesian Government's official policy towards the ethnic Chinese was one of assimilation. This assimilation policy was one of the rationales behind the continuing ban on Chinese characters and the observance of Chinese festivals. The ethnic Chinese were also required to adopt Indonesian sounding names. The government also tried to solve the problem of the more than 200,000 "stateless" Chinese in the mid-1990s (those Chinese Indonesians who had neither PRC/ Taiwanese passports nor Indonesian citizenship). In December 1995, the government introduced a free naturalization service for the stateless Chinese. Previously, ethnic Chinese seeking to become Indonesian citizens had to pay Indonesian officials "administration charges" of between US$150 and US$400, a sum of money well beyond the means of most applicants. The Justice Ministry claimed that 76,000 ethnic Chinese had taken advantage of the free service between December 1995 and February 1996.[35] Another positive step was taken in July 1996 when Soeharto issued a presidential decree which waived the requirement for the dependents of naturalized citizens to obtain an official document stating they were Indonesian citizens. Under the new decree, the dependents of naturalized citizens were automatically granted citizenship.[36] Juwono Sudarsono, chairman of Bakom-PKB, the official body charged with encouraging greater assimilation, cited these two measures as evidence of the government's determination to pursue racial equality. He claimed that the New Order's policy of assimilation had yielded positive results, and that the majority of citizens now accepted the ethnic Chinese as fellow citizens.[37]

Despite Juwono's assertion, the discrimination and persecution of Chinese Indonesians continued unabated throughout the 1990s, and culminated in the Jakarta riots of 13-15 May 1998. During those few days, ethnic Chinese businesses and shops were looted and burned down by rioting Indonesians. Far more disturbing, however, was the rape of ethnic Chinese females. According to human rights groups, 170 ethnic Chinese females were subjected to horrific rapes and other acts of sexual torture during the riots. President Habibie ordered ABRI to investigate the rapes, and also appointed a commission to examine the causes of the riots — the Joint Fact Finding Team (known by its Indonesian acronym TPGF).[38] The ABRI investigation found no evidence that any rapes had taken place.[39] The head of Indonesia's intelligence service, Lieutenant-General Moetojib declared that the reports of rapes

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were just "rumours" designed to defame Indonesia and divide the country.[40] The TPGF, however, identified 85 sexual assault victims, including 52 rapes, the majority of whom were ethnic Chinese females.[41] The report concluded that the conditions for the unrest to take place had been created by the economic and political crisis following the devaluation of the rupiah and the re-election of President Soeharto in 1997, but that many of the riots had been instigated by elements of ABRI in an organized and systematic manner. The TPGF suggested that ABRI had provoked the riots to enable it to invoke "extra constitutional power" to restore order and save Soeharto's rule.[42]

During the May riots, the Chinese Government expressed concern at the attacks on the Chinese Indonesians and hoped the Indonesian Government would take measures to secure the safety of the ethnic Chinese.[43] However, following protests in Beijing, Hong Kong, Taipei, and other ethnic Chinese communities around the world, the PRC Government adopted a more hard-line approach, and urged the Indonesian Government to investigate the rapes of Chinese females.[44] Government-controlled Chinese newspapers called on Jakarta to arrest those responsible for the rapes, punish them, and ensure the protection of the ethnic Chinese community.[45] Foreign Minister Tang Jiaxuan declared that China "attached great importance" to the attacks on the ethnic Chinese and demanded those responsible be "seriously punished".[46] The Chinese media also expressed outrage at President Habibie's comments that the rapes had not been motivated by ethnic tension but by economic disparity, and that such events could have happened in Hong Kong or Beijing.[47] Following the publication of the TPGF report, the Chinese Government insisted that those responsible for the rapes be apprehended and punished, and that the government should take action to prevent similar incidents from occurring in the future.[48] President Jiang Zemin repeated this message when he met President Habibie in November 1998 at the APEC forum.[49]

During President Habibie's eighteen-month rule, some steps were taken to end discrimination against the ethnic Chinese. In March 1999, Habibie issued a decree to eliminate all forms of racial discrimination, and on 1 April 1999 Indonesia ratified the U.N. Convention on the Elimination of All Forms of Racial Discrimination. Moreover, following Habibie's announcement that democratic parliamentary elections would take place, the ethnic Chinese formed several political parties in order to have a say in the country's decision-making process. However, the ban on Chinese schools and the observance of religious festivals remained in place under Habibie.

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Indonesia and the South China Sea Dispute

Another area of tension between Jakarta and Beijing concerned overlapping territorial claims in the South China Sea. The area in question concerns the waters surrounding the Natuna Islands, which lie 750 miles north of Jakarta, in Riau province. In 1947, China published a map indicating the extent of its claims in the South China Sea; the area claimed by China was represented by a dashed line and seemed to include the waters near the Natuna Islands.[50] These waters were also contested by Malaysia and Vietnam. In 1969, Malaysia and Indonesia signed a treaty delimiting their continental shelf boundaries, thus removing Kuala Lumpur from the Natuna dispute.[51] During the 1980s, Indonesia and Vietnam held several rounds of negotiations concerning the area, but failed to reach an agreement. However, given the close relations between the two governments, Indonesia's dispute with Vietnam over the area was not regarded by Jakarta as a major problem. From the Indonesian perspective, the only real outstanding territorial issue was with China. Though the issue remained largely dormant, in 1980 Indonesian Defence Minister Jusuf warned Parliament that the overlapping claims near the Natuna Islands might one day result in military conflict because of the presence of natural resources.[52]

The most prominent issue in the South China Sea dispute concerns sovereignty of the Spratly Islands.[53] Indonesia is not a claimant to the Spratlys, but in the early 1990s identified the dispute as a source of regional instability and a potential military flashpoint.[54] Since 1990, Indonesia has tried to act as an "honest broker" in the dispute by hosting the annual workshop on "Managing Potential Conflicts in the South China Sea". The workshops are informal in nature and take the form of a confidence-building measure aimed at diffusing tensions among the disputants by exploring areas of joint co-operation. The workshops have avoided addressing jurisdictional or sovereignty issues. By putting aside sovereignty claims and pursuing co-operative ventures (such as environmental protection, navigational safety, and combating piracy) Indonesia hopes that a climate of trust can be created conducive to an eventual settlement of the dispute.

As the 1990s progressed, Indonesia became more and more concerned with China's behaviour in the South China Sea. In February 1992, China's National People's Congress passed the Territorial Law of the Sea by which the PRC claimed sovereignty over almost the entire South China Sea; in May 1992, Beijing awarded a contract to U.S. oil company Crestone to search for oil in waters claimed by Vietnam; and in July 1992 People's Liberation Army (PLA) forces occupied Vietnamese-claimed Da Lac Reef. ASEAN responded in July 1992 by issuing the

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ASEAN Declaration on the South China Sea. The Declaration urged all claimants to renounce the use of force, settle the issue peacefully through international law, and freeze the status quo, that is, desist from occupying other reefs and building new structures. Although China agreed in principle to some of the provisions in the Declaration, its expansionist policy continued unabated. In July 1993, at the fourth workshop held in Surabaya, the Chinese delegation produced a map indicating the extent of PRC claims in the South China Sea. The Indonesian delegation was concerned to note that China's "historic claims" seemed to include the waters around the Natuna Islands. In early 1995, Chinese structures were discovered on Philippine-claimed Mischief Reef near Palawan Island, and Chinese survey ships continued to search for oil in maritime areas near Vietnam. In May 1996, China expanded its "baseline" claims to the Paracel Islands, thereby claiming a further 965,000 square miles of the South China Sea.[55]

China's policy of creeping assertiveness in the South China Sea worried Jakarta because of its territorial dispute with Beijing over the Natuna Islands. The importance of the Natunas to Indonesia had grown since the early 1970s, when large reserves of liquefied natural gas (LNG) had been discovered in waters to the north of the archipelago. With oil reserves running low in Sumatra, the government looked towards the Natuna gas reserves to help fuel Indonesia's economic development well into the next century.[56] The Natuna gas fields are estimated to contain 222 trillion cubic feet of natural gas, of which 75 per cent is believed to be commercially recoverable.[57] In January 1995, Indonesia's state-run oil company Pertamina signed a contract with Exxon of the United States to develop the Natuna gas field.[58] In the first ten years, US$20 billion would be spent on developing the field, with commercial production of LNG scheduled to begin in 2003-4.[59]

Indonesia Pursues Four Strategies

Indonesia has sought to consolidate its hold over the Natuna Islands by pursuing four simultaneous strategies; diplomacy, transmigration, the involvement of foreign companies in the extraction of LNG, and strengthening its military forces in and around the islands.

The Diplomatic Strategy

Following the 1993 Surabaya workshop, the MFA sent a note to the Chinese Government requesting it to clarify its claims in the vicinity of the Natuna Islands. In April 1995, during the Mischief Reef crisis, the Indonesian Government demonstrated its concern over Chinese behaviour in the South China Sea by admitting that a clarification

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request had been made to Beijing, but that no reply had been received.[60] In June 1995, the Chinese Foreign Ministry finally responded by stating that the PRC did not dispute Indonesia's ownership of the Natuna Islands, but that "the two sides [should] settle the existing issue of delimiting the sea border through bilateral negotiations and consultations".[61] Foreign Minister Ali Alatas was not satisfied with this statement; whilst it recognized Indonesia's sovereignty over the Natuna archipelago, it indicated that there was still an overlapping claim to the territorial waters around the islands and that Jakarta should negotiate with Beijing over the issue. Alatas rejected the notion that Jakarta had any need to negotiate the problem with Beijing, declaring, "China is far away at north".[62] In July, Alatas met with Qian Qichen in Beijing and discussed the Natuna issue. According to Alatas, Qian had told him: "Natuna belongs to Indonesia... China has never claimed the Natuna Islands", and that the PRC was committed to resolving the issue based on the 1982 United Nations Convention on the Law of the Sea (UNCLOS).[63] Alatas was satisfied with this explanation, as under UNCLOS there could be no "misunderstandings and misperceptions" that the Natuna gas fields fell within Indonesia's 200-mile Exclusive Economic Zone (EEZ).[64]

However, this was not the end of the dispute between the two countries over the islands. Following the extension of the PRC's baseline claims in May 1996, Jakarta was concerned that China might seek to extend this principle to the Spratly Islands, thereby bringing the Natuna Islands and their adjacent waters under Chinese sovereignty. Once again, Jakarta sent a formal note to Beijing seeking clarification on the matter. The MFA's Director-General of Political Affairs, Izhar Ibrahim said Jakarta had found China's move "unacceptable", considering "China's position as a continental and not an archipelagic state".[65] The Chinese Government did not, however, respond to this note.[66] The diplomatic strategy has thus yielded little progress in the dispute.

The Transmigration Strategy

Jakarta has sought to consolidate its hold over the Natunas themselves by increasing the population of the islands under the government's transmigration programme. In May 1993, the Ministry of Transmigration announced that 3,000 families would be resettled on the Natuna Islands and that the government would help provide plantations for the settlers. The government said that this decision had been taken "to help protect [the Natuna Islands] from any would-be rival claimants".[67] In 1994, the Ministry's director-general said that the government planned to develop the Natunas as one of Indonesia's largest population resettlement areas in accordance with the country's defence and security

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policies.[68] In February 1995, Minister of Transmigration, Siswono Yudohusodo declared that the government's primary considerations in resettling families on the Natuna Islands were "security and defence rather than commercial".[69]

The Involvement of Foreign Companies in the Extraction of LNG

As mentioned earlier, in January 1995 Pertamina signed a contract with U.S. oil giant Exxon to develop the Natuna gas field. Initially, Pertamina and Exxon held a 50 per cent stake each in developing the field. Later, Pertamina sold 26 per cent of its stake to another U.S. oil company, Mobil. It is reportedly looking to reduce its stake further by selling a 13 per cent stake to a consortium of Japanese oil companies. On the one hand, the choice of U.S. and Japanese investors makes economic sense, as U.S. firms have the advanced technology to extract the gas, and because Japan is Indonesia's largest consumer of LNG. On the other hand, it has also been suggested that Indonesia would like to encourage the participation of U.S. and Japanese firms so that Washington and Tokyo would seek to protect their investments if China tried to occupy the area.[70]

The Military Response

ABRI has adopted a hard-line stance towards China's behaviour in the South China Sea. Underlying this approach is the armed forces commitment to the Wawasan Nusantara or Archipelagic Outlook. This doctrine was adopted by the military in 1969 and became a national policy in 1973.[71] According to Robert Lowry, Wawasan Nusantara is designed "to help give some coherence to the fragmented nation by insisting on its geographical and social unity" and "treating the entire national territory as a single entity".[72] The Wawasan Nusantara commits ABRI to the defence of all areas of the Indonesian archipelago, both on land and sea.[73]

In response to China's passage of the Law of the Sea and the Crestone contract, ABRI announced that it was stepping up air and naval patrols around the Natuna Islands.[74] At the same time, ABRI began strengthening its naval and air forces. In late 1992, Indonesia agreed to buy from Germany 39 warships which had previously belonged to the East German Navy. ABRI commander General Try Sutrisno said that the vessels had been purchased to help Indonesia patrol its territorial waters.[75] In June 1993, the Indonesian air force bought 24 Hawk ground-attack jet fighters from Britain.[76] Three years later, Jakarta ordered 16 more.[77] General Feisal Tanjung said that the Hawks had been purchased specifically to safeguard the Natuna project.[78] The new Hawks were stationed at Pekanbaru in Sumatra and Pontianak in West Kalimantan

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to provide air cover over the Natuna Islands.[79] In August 1997, Indonesia announced plans to buy 12 Su-30 jet fighters from Russia and base them at Ujangpandang in South Sulawesi to provide further air cover over the Natunas.[80] However, the order was cancelled in early 1999 because of Indonesia's economic crisis.

ABRI has not been reluctant to send signals to Beijing that it intends to protect its territorial claims in the Natunas, by military force if necessary. In September 1996, several months after Jakarta had asked Beijing to clarify its baseline claims in the South China Sea, ABRI conducted large-scale military exercises in the area of the Natuna Islands. These manoeuvres, the largest combined naval, air and land exercises ever undertaken by ABRI, involved more than 19,000 troops, 40 aircraft, and 50 warships.[81] The ABRI officer in charge of the exercises, General Wiranto, denied that they were intended as a "show of force" aimed at meeting a "perceived threat from a particular country".[82] However, in fact the exercises were widely interpreted as sending a signal to China that Indonesia was prepared to defend its territorial claims in the South China Sea.[83] Since then, ABRI has been keen to reassure investors that the Indonesian military had made adequate preparations to safeguard the Natuna gas field.[84]

Indonesia Looks to Australia

China's assertive behaviour in the South China Sea during 1992-95 gave rise to concerns within the Indonesian Government, and particularly ABRI, about how an economically strong and militarily powerful China might assert itself in Southeast Asia in the future. For the first time since its independence, Indonesia looked to formalize its security relations with an external power, Australia. On 18 December 1995, after eighteen months of negotiations, Indonesia and Australia signed an Agreement on Maintaining Security (AMS).

The AMS represented a convergence of strategic thinking between Soeharto and the government of Paul Keating in Australia. The Keating government's 1994 Defence White Paper had identified the PRC as a potential threat to regional stability, warning that "China is likely to continue to pursue its strategic objectives by a combination of diplomatic, political and economic means underpinned by its growing military strength".[85] Negotiations for the AMS had begun in August 1994, and President Soeharto gave his blessing to the agreement in June 1995, a few months after China's occupation of Mischief Reef.[86] The terms of the AMS were left deliberately vague. The preamble to the agreement stated that Indonesia and Australia desired "to strengthen the existing friendship between them", recognized "their common

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interest in the peace and stability of the region", and wished to "contribute to regional security and stability in order to ensure circumstances in which their aspirations can best be realised for the economic development and prosperity of their own countries and the region".[87] Article 1 requires the two countries to consult on a regular basis about matters "affecting their common security".[88] Article 2 enjoins the two sides to consult each other "in the case of adverse challenges to either party or to their common security interests", with a view to taking individual or joint action.[89]

The vagueness of the agreement invited a good deal of speculation as to the motivations of both Jakarta and Canberra. One observer saw the AMS merely as a mechanism to formalize existing security co-operation between the two countries.[90] Milton Osborne saw the importance of the agreement in its symbolic value, that "Australia had laid to rest any lingering perceptions that Indonesia [was] a potential if publicly unidentified enemy".[91] However, given Jakarta's long-standing suspicions of China's intentions in the region, and renewed concerns over Beijing's policy in the South China Sea and the implications for the Natuna gas fields, there can be little doubt that concerns over the PRC were Indonesia's primary motivating factor in signing the AMS. Confirmation of this view was to come in August 1997 when officials from the Australian Defence Department admitted that Australia was assisting Indonesia in developing a defence strategy for the Natuna Islands which included the provision of surface-to-air missiles on board gas production platforms.[92]

The 1995 AMS was a victim of the 1999 East Timor crisis. Habibie's government cancelled the security agreement in September 1999, following growing anger and resentment in Indonesia over Australia's role in the East Timor peacekeeping force.[93] The new government of President Abdurrahman Wahid has vowed to mend relations with Australia, but given the deep sense of betrayal felt in Indonesia towards Australia, the security relationship between the two countries may have suffered irrevocable damage.

Indonesian Perceptions towards the Rise of China

As outlined earlier, Indonesia's *rapprochement* with China in the mid-to-late 1980s was motivated by economic considerations, Soeharto's desire for Indonesia to play a more prominent role on the world stage, a realization that China could no longer be ignored, and Beijing's more pragmatic foreign policy. Although ABRI and some Muslim groups opposed normalization with the PRC on national security grounds, Indonesia has stuck to a policy of engagement with the PRC — expanding

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trade relations, developing political ties, and encouraging China to participate in the region's nascent security architecture. Indonesia recognizes that this policy is beneficial to China, the region and itself. Like the other ASEAN members, Indonesia hopes that engagement will encourage China to pursue co-operative policies with its neighbours, and help to reduce tensions in the South China Sea. Indonesia has thus supported China's membership of the ASEAN Regional Forum (ARF), APEC, and the World Trade Organization (WTO), and encouraged the annual ASEAN–China summits. Moreover, Indonesia believes that engagement helps to promote economic development in China, which in turn fosters internal stability. In the eyes of the Indonesian leadership, a stable China is more likely to co-operate with its neighbours, and one less prone to foreign adventurism. An editorial in the *Jakarta Post* on the death of China's paramount leader Deng Xiao-ping in February 1997, made this point quite clear:

> The benefits of Deng's reforms went far beyond China's borders. The prosperity that the Asia-Pacific region – including Indonesia – has enjoyed these last 20 years could be attributed, indirectly but not insignificantly, to China's political stability and a rapidly growing economy under Deng. It was no coincidence that the greatest wars and turmoil in Asia occurred between the 1950s and mid-1970s when China was under Mao. An unstable China was a sure recipe for an unstable Asia, and still is.[94]

However, Indonesia's engagement with China has been a cautious one, and, as demonstrated earlier, inhibited by domestic factors, historical experiences and the Natuna Islands problem. Moreover, Indonesia in the 1990s still harboured concerns about China's role in Southeast Asia in the medium and long-term future. These concerns stem from two developments: China's defence modernization programme, and Beijing's behaviour in the South China Sea.

China's defence modernization programme began in the early 1980s and was designed to turn the PLA into a more credible defence force. At that time, Washington and Beijing had entered into a strategic alignment to contain the Soviet Union in Asia, and the United States had offered limited arms sales to China. The Indonesian Government was concerned that this help would enable the PRC to extend its influence in Southeast Asia through military means, particularly against Vietnam.[95] These concerns grew in the 1990s as the PRC sought to augment its air and naval power. ABRI commander General Feisal Tanjung opined that China's military modernization programme should be closely monitored.[96] He also said that the PRC's growing defence spending, coupled with its activities in the South China Sea could pose "a

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hegemonistic threat to the region" in the future.[97] In order to assuage regional concerns, in 1992 Defence Minister General Benny Murdani called on China to be more transparent regarding its defence modernization programme, otherwise "Southeast Asian countries [might] perceive [China] as a threat".[98]

Another area of concern for the Indonesian leadership in the 1990s was China's increasingly assertive behaviour in the South China Sea. This not only had implications for the Natuna Islands dispute, but was also interpreted as an indication of how an economically strong and militarily powerful China might act in the future. The 1995 Mischief Reef incident, in particular, had a significant impact on Indonesian perceptions of the PRC. Indonesian analyst Rizal Sukma argued that the event had reinforced the view that China had hegemonic intentions in the region, that it had undermined trust between ASEAN and China, and that some Southeast Asian countries might seek a "de facto alignment against China" with external powers.[99] With regard to the latter point, it has already been noted that Soeharto gave his approval to the AMS soon after the occupation of Mischief Reef. Other commentators were quick to criticize China over its actions in the South China Sea. Dino Patti Djalal, of the Indonesian MFA and a member of the organizing committee of the South China Sea workshops, commented:

> The leadership in Beijing should avoid being impervious to the growing concern, real or perceived, felt among Southeast Asian circles. There are many ways to judge China's regional intentions, but in Southeast Asia it is now increasingly measured in terms of its overtures in the South China Sea. This is understandable: to countries in this region, China could well be transformed from a country a thousand miles away to becoming, with its offshore territorial interest, a country practically next door...[100]

Several Indonesian analysts have noted the potential for conflict between some ASEAN members and China over oil and gas resources in the South China Sea. Speaking at a seminar in Jakarta, Juwono Sudarsono, vice governor of the National Resilience Institute (and appointed Defence Minister under President Abdurrahman Wahid's government), warned: "My pessimistic projection is that barring the possibility that China can gain access to resources other than the South China Sea area, then ASEAN countries will have to face the possibility of imminent military confrontation with China".[101]

In view of these concerns, some observers in Indonesia have argued that economic and political engagement of China is a strategy which is not sufficient in itself to constrain China's behaviour. One school

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of thought posits that ASEAN should pursue a more assertive policy in its relations with China, and that the Southeast Asian countries should not be afraid to send definite signals of disapproval if China acts in a manner which is seen as damaging to regional stability. Dewi Fortuna Anwar, an analyst at the Indonesian Institute of Sciences, and later a special adviser to President Habibie, has argued in favour of such an approach. Speaking in 1996, Anwar said: "If we try to engage China more, then hopefully it will change its behaviour. But, on the other hand, I think it would be foolish for us to be completely naïve."[102] Anwar went on to argue: "China respects strength... If they [the Chinese] see you are being weak they'll eat you alive".[103] In fact, the Indonesian Government pursued such a policy throughout the 1990s. The military exercises around the Natuna Islands held in November 1996 were an example of this policy. Although officially denied by ABRI, these manoeuvres were meant as a signal to China that Indonesia was prepared to meet any eventuality in the waters of the Natunas.[104]

Because of its colonial experience, Indonesia has always been suspicious of the involvement of external powers in Southeast Asia. Jakarta has sought to limit the influence of the great powers by promoting initiatives such as the ZOPFAN (Zone of Peace, Freedom and Neutrality) and SEANWFZ (Southeast Asia Nuclear Weapons Free Zone). However, Jakarta realizes that the role of external powers can never be removed completely. Instead, Indonesia sees multipolarity as the best way of accommodating the great powers. Multipolarity suggests a balance of power relationship between the United States, China, Japan, Russia, and India. Jakarta would not like to see a situation in which one of these powers became dominant. In order to maintain this multipolarity, Indonesia has supported the U.S. military presence in Southeast Asia. In 1992, Ali Alatas explained that the presence of such forces in the region did not contradict the ZOPFAN proposal. Alatas argued that whilst the U.S. Navy should retain a presence in the region, this presence should not take the form of military bases.[105] Indonesia has helped facilitate this presence by allowing U.S. naval vessels access to repair facilities at Surabaya. In 1997, ABRI Commander General Feisal declared that Singapore's decision to make maintenance facilities available to visiting U.S. naval ships would help maintain regional stability.[106]

Prospects for Sino-Indonesian Relations in the Post-New Order Era

The prospects for Sino-Indonesian relations under Indonesia's new President, Abdurrahman Wahid, seem much brighter than during the New Order era. Even before his election victory on 20 October 1999, Abdurrahman had signalled his intention to improve Indonesia's

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relations with China. He identified the PRC as one of Indonesia's most important partners, and said that better access to the Chinese market would help the Indonesian economy to recover. In terms of geopolitics, Abdurrahman said that Indonesia, China, and India should create an alignment to counterbalance the "lopsided power of the West".[107] His comments that Indonesia should pursue closer relations with other Asian powers were prompted by feelings of anger and betrayal towards the West — especially the United States and Australia — over East Timor.

The Abdurrahman government has also moved to mitigate other obstacles to improved relations with China. On becoming President, Abdurrahman appointed Kwik Kian Gie as Co-ordinating Economic Minister, the first ethnic Chinese to serve in an Indonesian government. Although Kwik's appointment was designed to encourage ethnic Chinese to repatriate their money back to Indonesia, it was also a signal that the Abdurrahman government was prepared to make a decisive break with the past on the status of Chinese Indonesians. Significantly, Abdurrahman's first state visit abroad was to the PRC in early December 1999. He used the visit to promote closer Sino-Indonesian trade co-operation, and to urge Chinese Indonesian businessmen to return home with their financial assets. Abdurrahman pledged that his government would make every effort to end discrimination against the ethnic Chinese and that they would be "given full guarantee of their lives".[108] In addition, the President indicated that the ban on Chinese schools in Indonesia would soon be lifted, and that a Chinese Institute would be established in Jakarta to help overcome the negative attitudes towards the ethnic Chinese community and to strengthen Sino-Indonesian relations. In another departure from the past, Abdurrahman said that Indonesians had no reason to fear communism.[109]

As argued earlier, the Indonesian armed forces viewed relations with the PRC, and the role of Chinese Indonesians, as matters of national security during the New Order era, thus impeding relations with Beijing. However, the image of ABRI (now renamed TNI) suffered badly during Habibie's rule, and stemmed from the shooting of students at Trisaki University in May 1998, the armed forces involvement in the May riots which followed, allegations of human rights abuses in Aceh and Irian Jaya, and the army's scorched earth policy following East Timor's independence vote. With the TNI on the defensive, Abdurrahman moved quickly to limit its influence in the new government. He appointed Admiral Adi Sutjipto Widodo as the new commander-in-chief of the Indonesian Armed Forces, demoting the former incumbent, General Wiranto, to Co-ordinating Minister for Security and Political Affairs. Widodo is widely respected as a career military officer, untouched by

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human rights abuse allegations. Abdurrahman hopes that Widodo can transform the armed forces into a more professional fighting force, and one less inclined to involve itself in civilian affairs. In another move designed to scale-back the power of the military, Abdurrahman appointed Juwono Sudarsono as Defence Minister, the first civilian to hold such office in modern Indonesia.

Despite the prospects for improved Sino–Indonesian relations under President Abdurrahman, significant problems remain which should not be underestimated. Firstly, Indonesia still has outstanding territorial claims with the PRC over the gas-rich waters surrounding the Natuna Islands. President Abdurrahman has underscored the importance of protecting the country's maritime resources by creating a Ministry for Marine Affairs. He declared that Indonesia's maritime resources had been "stolen by outsiders", and that his government would enhance the country's naval power in order to protect them.[110] Thus, Indonesia's policy of rejecting China's territorial claims in the Natuna area, and strengthening its military forces to protect the valuable gas project seem set to continue.

Secondly, although Abdurrahman has sought to diminish the role of the Indonesian armed forces in government, their influence remains strong and their "dual function" (*dwifungsi*) in defence and politics remains enshrined in the constitution. Abdurrahman still needs the support of the armed forces, and in recognition of this fact, his government gave three portfolios to military officers.[111] The new Defence Minister, though a civilian, has close links with the armed forces and was former deputy governor of the ABRI-run National Resilience Institute. Moreover, overshadowing Abdurrahman's government is the possibility of a military coup, especially if the President allows other provinces to attain independence.[112] In the event of a military takeover, the armed forces' long established views on national security would once more influence Indonesian policy towards the PRC.

Thirdly, the discrimination and persecution of the ethnic Chinese community in Indonesia has strained relations between Jakarta and Beijing for more than thirty years. In order to remove that obstacle, the Indonesian Government must give serious attention to ending racial discrimination. Abdurrahman's appointment of Kwik Gian Kie was a step in the right direction, but much more needs to be done. Anti-discriminatory measures must be passed into law, allowing the ethnic Chinese community to open new schools, teach their own language, and observe traditional Chinese festivals. This will also encourage Chinese Indonesian businessmen to repatriate their money to Indonesia. However, changing government policy is one thing; changing public perceptions of Chinese Indonesians as rich and greedy is quite another.

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Associated with this is the historical legacy of the 1965 Gestapu Affair. A thorough reassessment of this event must be made, especially the alleged role of the ethnic Chinese in supporting the PKI. The ghosts of the 1965 coup attempt must be laid to rest before Indonesia can look to the future.

Finally, there remain suspicions within Indonesia's governing élite as to China's long-term intentions in Southeast Asia. These concerns are fuelled by the growth of Chinese military power and Beijing's assertive policy in the South China Sea. Security dialogue between ASEAN and China has yielded few positive results other than Chinese expressions of good neighbourliness and peaceful intent. Meanwhile, the PRC continues to augment its naval and air power, and shows no sign of willingness to compromise its claims in the South China Sea. If these trends continue, Indonesia's relations with China will inevitably suffer, and Jakarta may once more be forced to pursue security relations with external powers, such as the United States and Australia.

Conclusion

Indonesia's relations with China throughout much of the New Order era were dominated by national security concerns. Following the 1965 Gestapu Affair, the Indonesian leadership perceived China as both an internal and external threat. It was perceived as an internal threat because of its support of regional communist parties and its alleged links to the PKI and the ethnic Chinese community. In the decades which followed, the Indonesian Government warned of the dangers of a PRC-backed communist revival which would derail economic development. However, the communist spectre also provided the government with a useful tool for suppressing opposition to the New Order. Indonesia also perceived China as an external threat as Jakarta saw the PRC as having hegemonic ambitions in Southeast Asia.

A more mature relationship developed from the mid-1980s onwards as Soeharto began to recognize the PRC as an economic opportunity and less of an ideological threat. Trade relations were restored in 1985 and diplomatic relations in 1990. Although Indonesia pursued a policy of economic and political engagement with China, three obstacles impeded closer relations: anti-communist sentiment in Indonesia used to legitimize the New Order's rule, the ethnic Chinese problem, and the PRC's policy in the South China Sea. Jakarta was particularly concerned at Beijing's territorial claims near the Natuna Islands, and responded by rejecting Chinese calls for negotiation, and strengthening its military forces in the area. Indonesia was so alarmed by China's

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behaviour in the South China Sea that it took the unprecedented step of formalizing a security relationship with Australia.

The Asian financial crisis spelled the end of the New Order era. Newly elected President Abdurrahman Wahid has promised to improve relations with China, largely for economic reasons, but also to balance the perceived dominance of Western countries. However, significant problems remain before bilateral relations can improve. These include the continuing influence of the Indonesian armed forces in the sphere of national security and defence, discrimination against Chinese Indonesians, the territorial dispute over the Natuna Islands, and suspicions about China's long-term intentions in Southeast Asia.

NOTES

1. Robert Lowry, *The Armed Forces of Indonesia* (St. Leonards, Australia: Allen & Unwin, 1996), p. 4.
2. Dewi Fortuna Anwar, "Indonesia's Relations with China and Japan: Images, Perception and Realities", *Cotemporary Southeast Asia* 12, no. 3 (December 1990): 230.
3. China had been very critical of Vietnam's treatment of ethnic Chinese citizens in 1978. China's 1979 border war with Vietnam was widely interpreted by ASEAN members as not only a "punishment" for the Vietnamese invasion of Cambodia, but also Hanoi's discriminatory policies against the ethnic Chinese. The latter was regarded by Jakarta as interference in the internal affairs of a sovereign state. According to Indonesian Foreign Minister Mochtar, "what happened in Vietnam with regard to the overseas Chinese did not reassure us". Quoted in "Old fears delay friendship", *Far Eastern Economic Review* [hereafter cited as *FEER*], 15 December 1978.
4. The Kuantan Declaration was issued by President Soeharto and Malaysian Prime Minister Hussein Onn in March 1980. In it, the two leaders expressed the hope that Vietnam would not come under the influence of either the USSR or the PRC. It suggested that China's military policy of "bleeding Vietnam white" was detrimental to the long-term stability of Southeast Asia, and would not lead to a resolution of the dispute. It also implied that China should not try to fill in any vacuum created by a Vietnamese troop withdrawal from Cambodia.
5. Leo Suryadinata, *Indonesia's Foreign Policy Under Soeharto* (Singapore: Times Academic Press, 1996), p. 43.
6. At the end of 1973, Malik stated: "with China we have no more problems. The question is only to normalize relations as soon as possible". See *FEER*, 24 December 1973.
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8. "China and Indonesia agree to heal rift and normalize ties", Reuters News Service, 23 February 1989.

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9. "Li Peng on normalization of Sino-Indonesian relations", Xinhua News Agency, 9 August 1990.
10. "China and Indonesia friends again, let bygones be bygones", Reuters News Service, 8 August 1990.
11. "Resumption of Sino-Indonesian ties to promote bilateral economic, trade co-operation", Xinhua News Agency, 2 August 1990.
12. "Good prospects for Sino-Indonesian trade", Reuters News Service, 26 November 1990.
13. "China offers economically battered Indonesia aid", Reuters News Service, 12 April 1998.
14. President Soeharto thanked Chinese Foreign Minister Tang Jiaxuan for China's help and its decision not to devalue the yuan when Tang visited Indonesia in April 1998. "Indonesia pledges to push forward its co-operation with China", Xinhua News Agency, 13 April 1998.
15. These comments were made by Major-General Syarwan Hamid, assistant to ABRI's chief for socio-political affairs. See "Indonesia to remove ex-prisoner mark from ID card", *Jakarta Post*, 8 August 1995.
16. "Clear and present danger – communism", *Jakarta Post*, 10 January 1995.
17. "ABRI again warns of communism", *Jakarta Post*, 30 September 1996.
18. "Maoist groups behind riots, says Soeharto", *Jakarta Post*, 18 January 1997.
19. Ibid.
20. Soeharto warned: "Those people want to disrupt stability. Our development is based on stability. Without stability there will be no development. Without development there will be no growth. Without growth there will be no parity". Ibid.
21. "Indonesia to remove ex-prisoner mark from ID card", Reuter News Service, 8 August 1995.
22. Brigadier-General Sowarno Adiwijoyo added: "Should [former PKI members] try to blend into the community in order to stealthily conduct communist-style activities again, we will have no difficulty in tracking them down". Ibid.
23. Ibid.
24. "Coup men freed after 33 years in jail", *South China Morning Post* [hereafter cited as *SCMP*], 27 March 1999.
25. See "Amnesty International Annual Report 1999: Indonesia and East Timor". A copy of this report can be seen on the World Wide Web at www.amnesty.org/ailib/aireport/ar99/asa21.htm.
26. "Warning on communism", *SCMP*, 29 April 1999.
27. "Teaching Mandarin okay for tourism", *Jakarta Post*, 4 March 1995.
28. "Indonesia reassures Beijing on ethnic Chinese", Reuters News Service, 23 April 1994.
29. "Indonesia MP criticizes China reaction to riots", ibid., 24 April 1994.
30. Ibid.
31. "Visiting Chinese official affirms non-interference in Medan riots", Antara News Agency, as reported by BBC Monitoring Service: Asia-Pacific, 27 April 1994.
32. Adam Schwarz, *A Nation in Waiting: Indonesia in the 1990s* (St. Leonards, Australia: Allen & Unwin, 1994), p. 108.
33. "Indonesia concerned at outflow of capital", *Nikkei Weekly*, 19 April 1993.
34. Hartono said: "The success of ethnic Chinese businessmen in the economic sector, especially in the big cities, has caused a large material gap. The exclusiveness of Indonesians of Chinese descent who band together in enclosed groups, combined with the unaccommodating attitude of other Indonesians, create these tendencies [racial resentment]". Hartono made these comments at a seminar on Indonesia-China

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35. "76,000 stateless people apply for naturalisation", *Jakarta Post*, 1 March 1996.
36. "Discriminatory citizenship law abolished", *Jakarta Post*, 17 July 1996.
37. "Most Indonesians 'accept Chinese as fellow citizens'", *Straits Times*, 18 July 1996.
38. The TPGF was formed on 23 July 1998 and included government officials, members of the armed forces, and officials from the National Human Rights Commission and other non-governmental organizations (NGOs).
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40. "Indonesia intelligence agency chief hits out at rumour mongers", Bernama Malaysian National News Agency, 24 August 1998.
41. Final report of the Joint Fact Finding Team on 13-15 May Riots. The full text of the report can be seen on the World Wide Web at http://www.huaren.org/focus/id/111298.01.html/
42. In connection with this, the TPGF recommended that a full investigation be made into a meeting which had taken place on 14 May at the headquarters of the Strategic Reserve (Kostrad), and the role Soeharto's son-in-law, Lieutenant-General Prabowo played in the "whole process that created the riots". Ibid.
43. "China concerned about its citizens in Indonesia – FM spokesman", Xinhua News Agency, 21 May 1998.
44. "Beijing raises concern about Chinese in Indonesia", Reuters News Service, 29 July 1998.
45. "Punish the guilty, Beijing urges Jakarta", *Straits Times*, 4 August 1998.
46. "China waiting for Indonesia's true action to protect ethnic Chinese – FM", Xinhua News Agency, 3 August 1998.
47. "Jakarta urged to live up to riot pledge", *SCMP*, 5 September 1998.
48. "Response to TPGF report vital to recover confidence", *Jakarta Post*, 6 November 1998.
49. Jiang stated: "We hold that a proper solution of the issue of Chinese-Indonesians will not only serve the long-term stability of Indonesia, but also the smooth development of the relationship of friendly co-operation between us two big neighbouring countries". See "Jiang – Chinese Indonesians should enjoy equal treatment", Xinhua News Agency, 17 November 1998.
50. Greg Austin, *China's Ocean Frontier: International Law, Military Force and National Development* (St. Leonards, Australia: Allen & Unwin, 1998), p.213.
51. Ibid., p. 207.
52. Cited in Guy J. Parker, "Indonesia in 1980: Regime Fatigue?", *Asian Survey* 21, no. 2 (February 1981): 244.
53. Composed of more than 200 rock formations of varying sizes, the Spratlys are claimed in whole or in part by six countries: China, Taiwan, Vietnam, the Philippines, Malaysia, and Brunei. Sovereignty is contested for two reasons: first, the area encompasses valuable fishing grounds and is believed to be rich in oil and gas deposits; and second, the islands occupy an important strategic position, straddling vital commercial sea-lanes linking the Indian and Pacific oceans, through which much of the world's trade passes.
54. In 1991, Ali Alatas commented: "The situation has the potential to be a flashpoint of conflict, which will not only involve Southeast Asian nations, but also other countries outside the region". "Indonesia makes Spratly Islands its next peace project", Reuters News Service, 4 January 1991.
55. "Manila rebuffs territorial claim by Beijing", *Financial Times*, 18 May 1996.

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56. In 1994, Indonesia's Mines and Energy Minister declared that if the government's goal of eliminating poverty by 2004 was to be achieved, the economy would have to grow by 6 per cent every year, and that "one of the keys to that growth is energy, both as an export earner and for domestic use". See "Indonesia hopes gas will fuel its future", Reuters News Service, 7 November 1994.
57. "RI set to start development of Natuna project", *Jakarta Post*, 15 March 1996.
58. "Pertamina, Exxon seal pact on Natuna gas project", *Business Times* [Singapore], 10 January 1995.
59. "Natuna gas output to start in 2003 – Indonesia", Reuters News Service, 29 September 1995.
60. "Indonesia sends note to China over Natuna case", *Jakarta Post*, 11 April 1995.
61. "No dispute over Natuna archipelago, spokesman says", Xinhua News Agency, 22 June 1995, as reported by BBC Monitoring Service: Asia-Pacific, 23 June 1995.
62. "Indonesia says no sea border problem with China", Reuters News Service, 26 June 1995.
63. "Indonesia satisfied by China's Natuna explanation", Reuters News Service, 21 July 1995.
64. "Indonesia says China to use sea law in disputes", Reuters News Service, 27 July 1995.
65. "Beijing's sea baselines to be questioned", *Jakarta Post*, 21 July 1996.
66. "No reply from China over memo on South China Sea borders", *Kompas*, 22 September 1997; as reported by BBC Monitoring Service: Asia-Pacific, 23 September 1997.
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69. "Big plans for Natuna Islands", *Jakarta Post*, 28 February 1995.
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71. Lowry, *The Armed Forces*, p. 8.
72. Ibid. For a more detailed examination of the doctrine, see Dino Patti Djalal, *The Geopolitics of Indonesia's Maritime Territorial Policy* (Jakarta: Centre for Strategic and International Studies, 1996), especially pp.63-70.
73. Lowry, *The Armed Forces*, p. 9.
74. "Indonesia steps up defence of Natuna Islands", Reuters News Service, 1 August 1992.
75. "Asian naval purchases spurned by power vacuum", Reuters News Service, 9 February 1993.
76. "British Aerospace gets large Indonesian order", Reuters News Service, 10 June 1993.
77. "Indonesia completes Hawk deal", *Flight International*, 3 July 1996.
78. "Military to shield Natuna gas", *Jakarta Post*, 19 February 1997.
79. See ibid., and John B. Haseman, "Navy has new aircraft and new hierarchy", *Jane's Intelligence Review*, 1 October 1997.
80. "Jakarta buys Russian fighter planes", *The Australian*, 6 August 1997.
81. "Armed forces to stage major military exercises", *Jakarta Post*, 21 August 1996.
82. "Indonesia calls Natuna exercises a test of readiness, not a show of force", *Straits Times*, 3 September 1996.

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83. Indonesian political analyst Dewi Fortuna Anwar said that the exercises were aimed at sending a message to China that Indonesia was ready for any eventuality in the Natuna seas. C.P.F. Luhulima, a maritime expert at the Indonesian Institute of Sciences, said ABRI had included the China factor in planning their war games. He said: "My understanding is that exercises these days have features which make a more pointed reference to Chinese 'adventurism' in the area and its [*sic*] attempts to assert its sovereignty over the South China Sea Islands". See "Indonesian military exercises 'includes China factor'", *Straits Times*, 21 August 1996.
84. "Military to shield Natuna gas", *Jakarta Post*, 19 February 1997.
85. "Friend or Foe: Australia now sees Indonesia as ally, China as threat", *FEER*, 15 December 1994.
86. Bob Lowry, "Australia-Indonesia Security Co-operation: For Better or Worse?", Working Paper No. 299 (Canberra: Strategic Defence Studies Centre, Australian National University, August 1996), p. 10.
87. *Agreement Between the Government of Australia and the Government of the Republic of Indonesia on Maintaining Security*, 18 December 1995.
88. Ibid.
89. Ibid.
90. Juwono Sudarsono, Vice Governor of the National Resilience Institute, saw the AMS this way. See "Jury still out on value of treaty", *SCMP*, 19 December 1995.
91. Milton Osborne, "Canberra's new bond with Jakarta buries old fears", *Jakarta Post*, 25 February 1996.
92. "Australia, Indonesia develop defence plan for disputed gas field", Antara News Agency, 14 August 1997.
93. "Jakarta axes security pact with Australia", *Straits Times*, 17 September 1999.
94. "Deng Xiao-ping's legacy", *Jakarta Post*, 21 February 1997.
95. According to Foreign Minister Mochtar: "Sometimes the U.S. views situations too much in global, superpower terms, neglecting other aspects. For instance, the relationship with China is seen to counterbalance U.S. policy *vis-à-vis* the Soviet Union... This picture forgets about other nations in Asia to whom China means something else... *Ultimately, the biggest threat is China* " [emphasis added]. Quoted in Gordon R. Hein, "Indonesia in 1982: Electoral Victory and Economic Adjustment for the New Order", *Asian Survey* 22, no. 2 (February 1983): 188.
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101. "ASEAN-China conflict possible over oil – experts", *Jakarta Post*, 7 August 1996.
102. Ibid.
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104. "Indonesian military exercise 'includes China factor'", *Straits Times*, 21 August 1996.
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106. "US military presence good for region – Feisal", *Straits Times*, 3 March 1997.
107. "Candidate hopes for China ties", *SCMP*, 12 October 1999.
108. "Indonesia's Wahid woos Chinese, warns separatists", Reuters News Service, 3 December 1999.
109. "Indonesian president in China wants better relations", BBC Monitoring Service: Asia-Pacific, 3 December 1999.
110. "Wahid pledges stronger navy", *Sydney Morning Herald*, 25 October 1999.
111. General Wiranto is Co-ordinating Minister for Security and Political Affairs, Lieutenant-General Susilo Bambang Yudhoyono is Minister for Mines, and Lieutenant-General Agum Gumelar is Communications Minister.
112. Defence Minister Sudarsono has alluded to the danger of a military takeover if the government fails to provide strong leadership. See "Military might return, minister warns", *SCMP*, 23 November 1999.

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The Australia–Japan Partnership in the Asia-Pacific: From Economic Diplomacy to Security Co-operation?

TAKASHI TERADA

Australia and Japan have been acclaimed as taking joint initiatives in establishing regional economic institutions such as the Pacific Economic Co-operation Council and the Asia-Pacific Economic Co-operation forum. This article seeks to establish why both countries have been able to forge a partnership in an Asia-Pacific economic community. The article identifies three elements of the partnership in institution-building: shared interests in building institutions of regional economic co-operation; power complementarity between the two countries compensating for their respective diplomatic shortcomings; and a corps of influential policy personnel working for regional economic co-operation. The article then looks at the partnership moving towards defence and security co-operation.

Introduction

Australia–Japan relations have developed to the extent that they have evolved into a partnership in the Asia-Pacific region based on shared interests and common identity, as Prime Minister John Howard declared during his visit to Japan in September 1996. Significant achievements of the partnership have been the joint initiatives in creating regional economic institutions, such as the Pacific Economic Co-operation Council (PECC) in 1980 and the Asia-Pacific Economic Co-operation (APEC) forum in 1989. Prime Minister Malcolm Fraser said of such endeavours by the two countries: "APEC...is a creation of a great deal of painstaking effort and diplomacy over about 20 years. The move for such an organization has been driven by politicians in Japan and

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Australia, by the business community in both countries and also by linkages between universities."[1]

After resolving bilateral trade disputes over beef and sugar in the 1970s, Japan and Australia worked together in organizing the Pacific Community Seminar at the Australian National University (ANU) in Canberra in September 1980, an event which is now regarded as the first PECC meeting. This was the earliest example of the success of the Australia–Japan partnership in contributing to the Asia-Pacific region at the governmental level. Yuichiro Nagatomi, Prime Minister Masayoshi Ohira's chief policy assistant, attributed the success of the seminar partly to three strong and long-established ties among Australian and Japanese leaders: Ohira and Foreign Minister Saburo Okita, Okita and seminar chairman John Crawford, and Crawford and Prime Minister Fraser.[2] The origins of the PECC can be traced to Ohira's Pacific Basin Co-operation Concept, and the idea of setting up a non-governmental seminar stemmed from an agreement between Fraser and Ohira in Canberra, in January 1980. The Australian and Japanese sides proceeded with frequent consultations and co-ordination at both governmental and academic levels, culminating in the ANU's successful organization of the seminar.

Both countries were also co-operatively engaged in developing the APEC initiative which Australian Prime Minister Bob Hawke announced in Seoul in January 1989. The actual creation and the circumstances of the announcement of the initiative were at the instigation of Hawke and his advisers in the Prime Minister's office, but the Department of Foreign Affairs and Trade (DFAT) came to play a major role in developing and promoting the idea after the Hawke announcement. Japan's Ministry of International Trade and Industry (MITI) had floated a proposal for economic ministers' regional meetings in mid-1988 and the DFAT expressed strong interest in the idea, which urged co-ordination between the two countries. A MITI delegation visited the regional countries to sound-out reactions for its proposal and Hawke's initiative in March 1989, which laid the "groundwork" for the Hawke proposal's relatively easy acceptance when an Australian delegation later visited the regional countries in April–May 1989. Although MITI's proposal was eventually subsumed into the Hawke initiative, MITI took the position that the establishment of APEC amounted to success of its own proposal.

This article explores the elements that contributed to Australia and Japan being linked in the establishment of these regional economic institutions. The main strands of the relationship are: shared interests in building institutions of regional co-operation, partly as a result of

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perceived similarities; power complementarity between the two countries compensating for their respective diplomatic shortcomings, and enhancing their leadership capabilities; and a corps of people in each country, who have worked on regional economic co-operation and were influential in policy-making, being able to form networks between both countries at various levels in business, and the political and academic communities. The article then addresses a future policy direction for the partnership, acknowledging that the partnership is moving towards defence and security co-operation, which builds on the strength of the relationship developed through joint initiatives in regional economic co-operation in the 1980s.

The First Element: A Common Interest in Asia-Pacific Regionalism

The first element of Australian and Japanese leadership in Asia-Pacific co-operation is their common interests in the region, especially with regard to regional economic co-operation. Without these shared interests, any joint initiative would have foundered. Japan began to assist with economic development in Southeast Asia by encouraging regional economic co-operation, seeing this as a way of establishing its leadership credentials since its economy was growing and it felt an obligation to make an international contribution. This rationale partly sustained Japanese political leaders' approaches to regional economic co-operation, as seen in the ideas of Prime Ministers Nobusike Kishi and Hayato Ikeda, and Foreign Minister Takeo Miki in the 1950s and 1960s. Australia, on the other hand, initially focused on the development of a politically stable region. It took the initiative in establishing the Colombo Plan in 1950 in the hope that development aid would contribute to security.[3] Despite these differences in approach, both countries appeared to direct their efforts towards the solution of the North–South problem in the region, as Gough Whitlam noted, referring to the idea that "in our roles as advanced industrialised countries, [Japan and Australia] have the responsibility to ensure a more equitable distribution of the region's affluence".[4] Both countries came to feel that regional economic institutions would contribute to this aim. The earliest declaration about both countries' shared interests in the Asia-Pacific region in this regard was voiced during Ikeda's visit to Australia in 1963 when Japan and Australia suggested making concerted efforts towards regional economic stability, although neither country took any significant action at that time. The communiqué reported that leaders "discussed ways in which Australia and Japan might, through the Colombo Plan and in other ways, cooperate in furthering economic development in Southeast Asia".[5]

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Subsequently, both countries, especially Australia, saw the region's economic growth and political stability as eventually creating a neighbouring market for their exports and came to the view that a regional economic institution would assist the trend. In this context, an influential factor that encouraged both countries to push for the establishment of a regional economic institution was increasing regional economic interdependence. By the 1980s, economic growth in the Asian countries had led to higher levels of economic interdependence in the region. After taking the initiative in forming the PECC, Crawford wrote, "both Japan and Australia have to forge and support constructive relations with all our partners in the Pacific ... [since] we cannot escape our interdependence; but to obtain the full advantage of it we need to collaborate with others".[6] Apart from Crawford, leaders in both countries, including Fraser, Ohira, Okita, and Hawke, were all aware of the greater intra-regional economic interdependence, which underscored the need to improve conditions for trade and investment among regional countries. Partly on this basis, they committed themselves to the establishment of regional economic institutions.

Similarities in Both Countries

Japan and Australia differ in terms of territorial size, population, economic structure, history, and ethnic composition, but their mutual interest in establishing a regional economic institution is based partly on the fact that both countries share similar values and systems which predispose them towards certain common policies. Japanese leaders, in particular, have been aware of this point in stressing the value of the partnership. For instance, Kazuo Ogura, a senior diplomat, advocated a partnership with Australia for Asia-Pacific integration and attributed the foundation of the partnership to shared values. He wrote that "the true impetus behind all regional integration is a tight partnership", and asked "could [Japan and Australia] not promote specific forms of cooperation in specific fields with ... regional grouping ideas in mind?" Ogura then emphasized the similarities between both countries: "Japan and Australia possess common values of democracy and freedom, they both support, in general, market principles and free trade, they have a very deep relationship based on economic interdependence, and they possess common interests in security and political aspects".[7]

An important ingredient shared by both countries in regional institution-building is self-awareness in the Asia-Pacific region. Japan is aware of its status as the only highly industrialized nation in Asia and as the Asian representative at G-8 (group of eight industrialized countries) Summit meetings which contributed partly to Japanese

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foreign policy leaders regarding Japan as playing a bridging role in the Asia-Pacific region.[8] Significantly, this notion was also perceived among Australian leaders already in the 1960s, as Prime Minister Harold Holt in 1967 depicted his vision of Australia's regional role as a '"bridge" between the West and Asia.[9] This notion has been sustained by Australia's consciousness that it is the only nation in the region that has close historical, cultural, and political links with Europe and the United States and that it knows Asia better than any other community from the European tradition.[10]

Such an awareness, however, can cause both countries to feel isolated on diplomatic missions in Asia and the Pacific. Japanese leaders' emphasis on shared values with Australia represents to some extent their feeling of isolation in international society, as symbolized in a Japanese minister's statement that "Japan doesn't have many friends and Australia is one of them".[11] Akio Watanabe calls this the Lilliputian syndrome of "never feeling quite at home placed among the alien Gullivers". He elaborates on the syndrome:

> The Japanese always feel that, after all their effort, they have never been fully accepted by the "civilized" world of the West, while consciousness of guilt prevents them from throwing themselves in the bosom of the Asian family. Likewise, in the midst of a massive Asia, the Australians feel that there exists "seeming nearness yet infinite distance between souls and between lives that touch each other", while, placed in the great civilization of the West, they can only hope to be a provincial part of it.[12]

This "Lilliputian syndrome", common to both countries, has helped draw the two countries together. Japan has welcomed Australia's increasing keenness to engage with Asia, which makes it easier for Japan to find common interests in the region and to promote the partnership. Hirokazu Okumura, a MITI official, recalled that following Australia's closer integration with Asia, he expected Australia to be very supportive of MITI's idea of an Asia-Pacific economic ministers' meeting.[13]

The "isolation" factor was also a backdrop to initiating regional economic institutions. As Peter Drysdale has noted, "in their subsequent reactions to the changing international environment, both countries moved towards closer involvement with each other".[14] The upsurge of debate about Asia-Pacific regionalism in Japan in the late 1960s was related to a fear that Japan might be isolated: the European Economic Community (EEC) was becoming more entrenched, leading to closed

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markets; America was looking into the possibility of forming an Atlantic free trade area, and Latin America was also attempting to forge regionalism. Moreover, the decision to form the European Union and the establishment of a free trade agreement between the United States and Canada in the late 1980s contributed partly to Australia's and Japan's sense of isolation and caused them to look towards the establishment of APEC. The fact that Europe and America had adopted inward-looking policies like the Common Agricultural Policy within their regional institutions intensified the Australian and Japanese sense of isolation from the major powers.[15]

Both countries have expected regional economic institutions to be able to act as an umbrella for common national interests; participation within them can be helpful in reducing isolation. Australia's middle power diplomacy for coalition-building with like-minded countries has worked in this sense. Japan launched the Pacific Basin Co-operation Concept partly to fulfil its comprehensive security notion, the essence of which was to "stabilize the regional systems by strengthening cooperative ties with friendly states which share common or similar values and ideals".[16] According to Prime Minister Ohira's secretary, Shinji Fukukawa, Ohira was influenced by his good friend German Chancellor Helmut Schmidt, who had often said that Japan did not have a real friend. Ohira thus regarded his Pacific Basin Co-operation Concept as a means to forge new foreign relations.[17] Richard Woolcott, who was closely associated with Australia's APEC initiative, also pointed to the isolation factor as a reason for Australia's interest in initiating APEC.[18] It is plausible that Australia's commitment to launch the APEC initiative also had the effect of compensating for exclusion from other fora, such as the G-8 and the Quadrilaterals.

While their position straddling East and West makes Australia and Japan feel isolated and they have a similar motive in establishing regional economic institutions, at the same time it enables them to make the best of their diplomatic skills. Former Japanese Ambassador to Australia, Kazutoshi Hasegawa, observing that Japan and Australia "lie at the fringe of East and West", stated: "we therefore are destined to understand two civilizations and to bridge the gap between them".[19] Both can understand the interests of developing Asian and developed Western countries in the region and can play a bridging role in fostering the development of the region, in terms of both cultures and civilizations. This is precisely the point of intersection for Asia-Pacific regionalism.

Political Commitment and Consistent Interest in OPTAD

Australia's and Japan's strong interests in building regional economic

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institutions can also be judged by their political commitment. After Ohira, who helped to launch the PECC, three Japanese Prime Ministers in the 1980s — Zenko Suzuki, Yasuhiro Nakasone and Noboru Takeshita — took a firm policy stance on Asia-Pacific regionalism, although their interests in regionalism were not strong enough for them to contribute to launching a specific regionalism policy.[20]

After the PECC was established, Drysdale emphasized Australia's bipartisan approach to Pacific co-operation, which indicated Australia's consistent interest in regional co-operation during the 1970s and 1980s: "It is worth stressing that this Australian vision ... is politically bipartisan. It is an important part of the world view of former Prime Minister Fraser, present Opposition Leader Peacock, and it is a perspective shared by former Prime Minister Gough Whitlam and the present Prime Minister Hawke and Foreign Minister Bill Hayden".[21] From the Japanese standpoint, Australia's strong interest was encouraging and beneficial. Fukukawa thought that because of Australia's strong research on, and interest in, Pacific co-operation, it would understand and promote the fundamental ideas behind Japan's Pacific Basin Co-operation Concept ahead of any other country.[22] Okumura also regarded Australia's strong interest as valuable, and observed:

> Australia is highly regarded for having consistently shown its strong interests in Asia-Pacific cooperation and for having exercised leadership. Without its effort, the establishment of APEC would have been delayed. Australia's role in paving the way for Pacific economic cooperation was exceptional and to my mind this was a major reason that Australia would be the best partner to realize MITI's idea of regional economic cooperation.[23]

The 1980s thus saw a continued Australian and Japanese political commitment to regional co-operation, which laid the foundation for both countries' initiative in establishing APEC in 1989. Both countries' strong interest in establishing a regional economic institution was evident in their support for a specific form of regional institution, such as the Organization for Pacific Trade and Development (OPTAD), modelled after the Organization for Economic Co-operation and Development (OECD). OPTAD was first advocated by Kiyoshi Kojima and Drysdale at the 1968 Pacific Trade and Development (PAFTAD) meeting. Australia did not think it appropriate to create new regional groupings in 1967 when Foreign Minister Miki was considering them, but it started reconsidering the matter when the 1971 Senate Standing Committee on Foreign Affairs and Defence on Japan wrote: "The Committee strongly supports the suggestion for an Organisation for Pacific Trade, Aid and Development ... The Committee recommends

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that the Government officially support the establishment of such an organisation".[24]

The 1976 Crawford-Okita Report, which aimed to "explore together some of the important international economic policy issues" facing Japan and Australia, emphasized the overlapping interests in regional economic co-operation, and recommended:

> Within an Organisation for Pacific Trade and Development, government-to-government consultations and negotiations on a regional level could usefully and functionally be built upon purposeful attempts to define codes of behaviour and objectives for foreign investment, aid and technology transfer activities as well as regular discussion of trade problems and problems deriving from trade instability.[25]

The two recommendations were based on the concept of OPTAD, and this concept was reintroduced in the 1980s. Fraser conceived the idea of a Pacific OECD,[26] and Okita, Chairman of the Osaka PECC meeting, also advocated the idea.[27] Hawke in his Seoul speech in January 1989 initially regarded a Pacific OECD as a model for his Asia-Pacific organization, now called APEC.[28] Consistent support for the OPTAD concept from the late 1960s to the early 1980s was a symbol of Australia's and Japan's interests in institutionalizing Asia-Pacific economic co-operation and is indicative of the two countries' initiative in building a regional economic institution.

The Second Element: Power Complementarity in Asia-Pacific Diplomacy

The second element of the Australia–Japan regional leadership lies in the countries' complementary power. One concept of power is based on how power-brokers influence others to realize their goals. Japan's power stems from the size of its economy, its gross national product (the second largest in the world), aid provision (the largest in the world in terms of the overall amount), and trade and investment flows which dominate those of other regional countries. Japan's foreign economic policy has a major impact on other regional economies. Australia's power, on the other hand, lies in its resource base and its diplomacy, which cannot be quantified. Although Australia's economic and military power are relatively small, it has capitalized on its "middle power" status by taking the diplomatic initiative on several occasions, thereby gaining credibility among other countries. The distinctive features of each country compensate for the shortcomings of the other and both have played complementary roles in the formation of regional economic institutions.

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Japan's Economic Power

Japan's economic power was instrumental in attracting followers to an economic institution which it was keen to establish even if it had no intention of applying its economic strength in the bargaining process. Japan's economic power is such that followers feel that there are few alternative countries in the region that can provide a market for regional products and be "a source of aid, investment and technology".[29] It is "no wonder" that countries in the Asia-Pacific region "have come to see Japan as having the economic resources to occupy a leadership position".[30] In addition, the development of intra-regional trade centred on Japan can be said to give "Asian countries a growing interest in following a Japanese lead".[31] Japan has the ability to influence regional countries economically to the extent that they may emulate Japan in the hope of achieving similar economic growth, and increase their exports to Japan.

However, Japan's responsibility for the Pacific War, malpractices by Japanese business people, and Japan's dominant economic presence has also created anti-Japanese feelings in various countries. Singapore's Senior Minister, Lee Kuan Yew, once stated that "Japan's neighbours have unforgettable memories of Japan's militaristic culture which resulted in unnecessary cruelty and inhumanity".[32] Because the Greater East Asian Co-Prosperity Sphere constituted the ideological prop of the Pacific War and the after-effects of the Co-Prosperity Sphere were vivid in the post-war period, Asians have suspected that Japan had launched regional co-operation proposals in an attempt to create another Co-Prosperity Sphere through which it would again attempt to dominate the region. The Japanese have been aware of this and have been cautious in their approaches to regional co-operation and, more generally, to diplomacy in Southeast Asia. Tsuneo Iida, Deputy-Chairman of Ohira's Pacific Basin Study Group, has commented:

> In discussing Prime Minister Ohira's concept in the late 1970s, we were often told by Southeast Asians that the concept amounted to a second Greater East Asian Co-Prosperity Sphere or that there was surely something like the Co-Prosperity Sphere concealed behind the rationale. Before the Study Group was convened, there had been a sort of taboo in Japan on talking about multilateral cooperation in the region.[33]

In the late 1980s, this reluctance lingered among Japanese leaders when MITI started forging a vision of regional economic co-operation. Shigeo Muraoka, then Vice-Minister of International Affairs, and responsible to the MITI team for creating APEC, recollected:

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> The reason I thought Japan should maintain a low profile and that Australia should take the initiative in organizing APEC instead, lay in the belief that memories of the Co-Prosperity Sphere still pervaded the region and people would not readily support a Japanese idea which might remind them of the old awful days. I think the problem of the Co-Prosperity Sphere was deeply rooted.[34]

These statements are representative of misgivings held by Japanese leaders as they created the PECC and APEC, and well illustrate Japan's difficult position in building regional economic institutions. To further regional economic co-operation plans, it was perceived to be desirable for Japan to gain the support of a country with credibility and persuasive diplomacy. Such an attribute would act as a substitute for Japan's diplomatic shortcomings. That Australia possessed these diplomatic features was part of the attraction for Japan in its moves to forge a partnership for institution-building in the Asia-Pacific region. Robert O'Neill notes that "a power [like] Australia is unlikely to affect seriously the outcomes of struggles in the United States, Europe, the former Soviet Union, China or Japan. What matters is what these states think of Australia".[35] In this sense, Japan has regarded Australia as a desirable partner for its regional diplomacy, despite its relatively small economic and military size.

Australia's Middle Power Diplomacy

Australia's diplomacy is conditioned by its status as a middle power. This can be defined as a country whose economic or military size is neither too small nor substantial enough to have a direct and considerable influence on other countries. Middle powers like Australia thus realize that "the world will not come to us nor readily accommodate our preferences ... Acquiring the sort of economic and military dominance that would be necessary to aspire to our goals unaided is not an option".[36] Australians have long been aware of the potential of middle power diplomacy. Gordon Greenwood wrote in the early 1960s:

> In her approach to Asia, Australia appeared to start with certain advantages which were likely to stand her in good stead. Her basic lack of power, which in other contexts was a severe limitation, was in the Asian situation an asset, since it meant that there could be no fear or suspicion on the part of Asian countries that close ties with Australia could imply any threat to political or economic independence ... She did not posses the handicap of any imperialist involvement in Asia.[37]

Australia can exercise its influence in the international arena through active diplomacy, because it is unlikely to succeed by imposing its

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will on other countries with limited material resources. Active diplomacy by a middle power involves taking initiatives:

> ... the initiatives involve the middle power making a concerted effort to think through an international problem; generating a plan of action, often based on technical expertise; gathering support for ideas from as many like-minded states as possible; and then presenting the great powers with a suggested set of solutions, or with a process that might lead to a political solution.[38]

Another strategy Australia employed to achieve its goals in its middle power diplomacy was to target multilateralism where its diplomatic interests coincided with that of others. Former Foreign Minister Gareth Evans regards the selective characteristic of Australia's diplomacy as "coalition building with 'like-minded' countries", while "concentrating resources in specific areas best able to generate returns worth having, rather than trying to cover the field".[39] To focus diplomacy on multilateralism can "provide a legitimate entree for smaller states into the affairs of the international community as a whole, a voice that would otherwise be denied them". Thus, it is appropriate for Australia to pursue multilateral solutions to international problems, to embrace compromise in international disputes and to entertain notions of "good international citizenship" to guide its diplomacy.[40]

Middle power diplomacy was a hallmark of Hawke's diplomacy. Ross Garnaut noted in his 1989 report to Hawke: "as a middle power, we must rely on persuading other countries, and influential groups within these countries, that it is in their own interest to move in directions that are consistent with our own interests."[41] Hawke was aware of the coalition-building strategy which Garnaut promoted, and pointed to the essence of the middle power diplomacy in the case of the Cairns Group which had been established with the same objective as APEC: "Individually, the countries making up the group would have had virtually no influence on the [Uruguay] round. Collectively, however, they formed what has generally been recognized as an extraordinarily persuasive lobby in the cause of freer trade."[42]

As a middle power, Australia is said to be potentially "wiser or more virtuous" than the bigger or lesser powers and more "trustworthy" because of its tendency to resort to diplomatic influence rather than force.[43] This traditional diplomatic approach can be a substitute for power-oriented diplomacy.

Power Complementarity

Japan does not necessarily possess Australia's ability to engage in middle power diplomacy nor does it have the necessary credibility to practise

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proactive diplomacy in the region. When Japan has initiated regional or international agendas commensurate with its economic power, Australian diplomatic support, especially in building regional economic institutions, has been substantial. A MITI official commented that from Tokyo's standpoint, Australia can play a cushioning role, which lessens other Asian countries' suspicion and caution.[44] This view was shared by a Japanese diplomat who envied Australia's middle power diplomacy.[45]

From Australia's viewpoint, it is advantageous to stand beside Japan in the Asia-Pacific region. Australia's share of global trade in the post-war era has dropped; its position on the list of exporting countries dropped from 12 to 23 between 1978 and 1983, which reflected its declining relative trading position and influence in the Asia-Pacific region.[46] Partnership with Japan, however, helps Australia overcome its natural weakness when taking diplomatic initiatives in the region. Australia recognizes that Japan's position in the international trading system was influential in moving towards the goal of free trade as the "champion of anti-protectionism", according to Foreign Minister Hayden.[47]

Australia's increasing diplomatic reliance on Japan has been apparent since the late 1970s. Fraser visited Japan to meet with his counterpart Takeo Fukuda in April 1978, a visit described as "epoch-making" by a Japanese official,[48] because both leaders focused their talks on international economic affairs, with little time spent on bilateral issues. These discussions were held before the U.S.-Japan summit meetings between U.S. President Jimmy Carter and Prime Minister Takeo Fukuda, as Fraser hoped to stress Australia's views on international trade through Japan: to liberalize agricultural markets and resolve North–South issues. It was said that "this tactic of riding the diplomatic coat-tails of Japan, an economic superpower, [has] taken a new development" in Australia–Japan relations.[49] In fact, Japan had initially supported Australia's participation in the G-7, but after this failed, Japan endeavoured to incorporate Australia's voice as well as ASEAN's into the G-7. Fraser recalled:

> Since Prime Minister Fukuda's government, Japan has consulted Australia on matters to be raised at meetings of the Group of Seven leading industrialised nations and has always reported back to Australia on the results of the discussions ... A report would drift in from the United States several weeks later and from Britain even later.[50]

Australia's and Japan's diplomatic roles are unique in the region. Japanese officials responsible for establishing both the PECC and APEC

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acknowledge that if Japan had taken the dominant role, it would have been difficult for the ASEAN countries to join these institutions. This was an important factor behind the initiatives taken by Japan and Australia. The complementary roles played by the two countries are significant elements in their joint leadership in building Asia-Pacific regionalism.

The Third Element: Levels of Policy Discussion on Asia-Pacific Co-operation

The third element in Australia's and Japan's joint leadership is the frequency of political, business and academic exchanges between the two countries. These channels make it much easier for politicians, bureaucrats, academics, and business people to bilaterally discuss policies on Pacific economic co-operation and to jointly generate ideas on regional economic co-operation. The variety of exchanges also shows that the significance of regional economic co-operation is widely acknowledged and supported by the different sectors of the community in both countries.

Business Sector

In the business sector, the Australia–Japan Business Co-operation Committee (AJBCC) in Australia and the Japan–Australia Business Committee (JABCC) in Japan were established and the first joint annual meeting held in 1963. The meeting became a model for similar committees which Japan later established with other countries, and the Pacific Basin Economic Council (PBEC) was to develop out of this committee. Before the PBEC was established in 1967, the annual joint meetings held between 1964 and 1966 set up a small committee on "economic co-operation and formation of the Pacific Basin Organisation". Although the regional co-operation agenda was discussed at the annual PBEC meetings, the joint meetings since 1980 have included a special session on the Pacific Economic Community. Japanese business leaders have also exerted their influence on their political leaders to push for regional economic co-operation. The active involvement of the Japanese business community in Pacific co-operation through the PBEC has sustained Japan's interest in Pacific co-operation from the 1960s to the 1980s, thus laying the foundations for the government to assume leadership roles in creating the PECC and APEC. In Australia, "the business leadership is strongly Pacific-oriented in its thinking".[51] Prime Minister Hawke also stressed the importance of the support from the business sector, saying that the business community "welcomed

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the idea of the APEC initiative."[52] The provision of these fora to discuss regional economic co-operation among Australian and Japanese business leaders, in addition to the PBEC, reflect their special interests.

Government and Political Level Dialogues

Regular Australia–Japan political interaction through official meetings started in 1967 with senior foreign affairs officials at the Secretary-General and Deputy Secretary level. The first official meeting was held in Canberra on 16-17 January 1967, and this was the first time that both countries met mainly to discuss regional co-operation rather than bilateral trade issues. It is symbolic that the first official Australia-Japan meeting was partly designed to discuss issues of Asia-Pacific economic co-operation, including Foreign Minister Miki's Asia-Pacific policy.

The Australia–Japan Ministerial Committee consisting of both countries' ministers of foreign affairs, industry and finance was set up in 1972, a development that Australia now regards as "the most important and wide-ranging bilateral forum in which Australia ... participates".[53] Before that, both foreign ministers could only talk at the annual meetings of the Asia-Pacific Council (ASPAC). Policy talks among ministers had been substantially limited and both governments had lacked a vehicle for policy co-ordination at the ministerial level. Japan was the first country with which Australia established a standing ministerial committee, a reflection of Japan's importance to Australia: "Japan remains the most significant international associate" for Australia.[54] The importance of this annual meeting is to provide politicians and bureaucrats with first-hand information on policies of mutual interest, and to enable them to formulate a basis for policy co-operation. As Alan Rix has noted: "Australia's policy has been on the whole informed, attuned to Japanese realities and opinion, and open to discussion with Japan".[55] The annual Ministerial Committee meetings have now been regarded as a symbol of bilateral closeness and, more significantly, as an important means for both countries to co-ordinate their policies on regional economic co-operation beyond bilateral issues. As an example, at the annual 1991 meeting, Japan agreed with Australia on the need to bring the three Chinas into APEC, a decision which was to be officially endorsed at the APEC Ministerial Meeting in Seoul in November 1991.[56]

The "recent Japan-Australia ministerial conferences and prime ministerial visits have also been remarkable for the relaxed and warm tone and atmosphere and the evident desire on both sides to co-operate".[57] The relaxed atmosphere was generated mainly by the fact

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that there were few political problems between the two countries. Following the resolution of problems concerning Japan's beef and sugar imports from Australia in the 1970s, prime ministerial meetings between the two countries have seldom concerned themselves with bilateral political disputes. Both leaders have focused instead on regional affairs, as in the meetings between Nakasone and Hawke in 1985, and Takeshita and Hawke in 1988. This has helped both countries to avoid a preoccupation with bilateral disputes and has enabled them to focus more on regional issues such as regional economic co-operation.

Academic Dialogue

The most important fora for academic interaction between both countries have been the Australia–Japan Economic Relations Project, headed by Crawford in Australia, and its Japanese equivalent, the Japan–Australia Research Committee, headed by Okita. Both bodies were established in 1972. The result of the Project was a substantial report entitled "Australia, Japan and Western Pacific Economic Relations", the so-called Crawford–Okita Report, published in 1976. Of significance was the Report's recommendation that both governments should seek to create a regional economic institution like OPTAD. The two fora included experts on the Pacific economy who had worked together in PAFTAD. The committee members themselves became intellectual conduits for both governments in building regional economic institutions. This group had a significant impact on their respective governments in establishing the PECC. The fora and the work in PAFTAD were a prelude to the commitment of both governments to the PECC.

After the 1976 Crawford–Okita Report, the Japanese project developed with the financial support of about thirty major Japanese companies. The Committee publishes the Japan–Australia Relations Report almost every two years. It is one of the most important Japanese academic references on Australia, analysing Australia–Japan relations and Asia-Pacific economic co-operation. The Committee comprised about thirty members, including Saburo Okita, Kiyoshi Kojima, Shigeo Nagano, Noboru Gotoh, Shizuo Saito, Ippei Yamazawa, Akio Watanabe and Yujiro Eguchi. These people were all involved in the PECC or PBEC, and prominent specialists on Pacific co-operation also joined the Committee. The Australia Project included John Crawford, Heinz Arndt, Peter Drysdale, Ross Garnaut, Stuart Harris and Ben Smith, all Australian National University experts on Asia-Pacific economies, or regional co-operation. They had also been involved in the PAFTAD and PECC in varying degrees. The Project's studies on Australia–Japan relations were intricately linked to those on Asia-Pacific co-operation,

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and it was anticipated that the Australia–Japan partnership would be exercised within the broader framework of Asia-Pacific co-operation partly through the efforts of such policy-oriented academics.

The fact that Japanese experts on Pacific co-operation have interacted with their Australian counterparts on many occasions has enhanced the reputation of Australian academics in Japan. Academic links contributed to Australia being regarded as the best partner for Japan in launching Asia-Pacific regionalism. For instance, Shigeo Muraoka, then MITI's Vice-Minister, noted: "Australia's studies on regional economic cooperation have been more advanced than other countries, which was one reason MITI regarded Australia as a favourable partner to advance the APEC idea".[58] This view was shared by Michihiko Kunihiro, then Muraoka's counterpart in the Ministry of Foreign Affairs, who stated: "it was well recognized in the 1970s that Australian scholars were pivotal in maintaining a small candle-light of momentum in Pacific cooperation and in successfully floating ideas to their political and business leaders".[59] As for the academic influence on the APEC's establishment, Andrew Elek, who visited regional countries for the APEC initiative in 1989, has noted:

> What you will not find easily on the record is the many conversations which took place in the informal PECC/PAFTAD networks about what the Hawke initiative meant and how to make it work. Almost everywhere we went with Mr Woolcott, the PECC networks proved important. They were certainly vital in China, where the PECC precedent made it possible to bring in the three Chinese economies, without which APEC would be fairly meaningless.[60]

Academics in both countries had kept up contacts and such co-operation contributed to mutual interest in Pacific co-operation and eventually sustained governmental activities in creating regional economic institutions.

Security and Defence Elements in Bilateral Relations

Although the three elements on their own would not necessarily have been sufficient for launching joint initiatives in institution-building, they are unique and important factors behind Australia's and Japan's successful initiatives in the establishment of the PECC and APEC in the 1980s. These elements reflect close bilateral relations and helped the two countries to open up a new realm in bilateral relations — defence and security. Hugh White, Deputy Secretary of the Australian Department of Defence, comments in this regard: "We have a lot in common in terms of wider strategic perspectives and wider international perspectives as well as a very solid foundation in a very big bilateral

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relationship outside the defence area which makes it easy to build defence and strategic confidence."[61] As previously discussed, both countries had set up bilateral policy links before exercising joint initiatives in the area of regional economic co-operation. If the same process of development occurs, both countries might be expected to utilize their growing defence and security links in Asia-Pacific security.

Establishing a Foundation

In the development of bilateral economic relations, Australia initially showed interest in incorporating a defence element into its relations with Japan. The earliest example was the Report of the Ad Hoc Working Committee on Australia–Japan Relations, submitted to Prime Minister Fraser, which advocated forging a defence and security dialogue with Japan: "There would be value in gaining better access to the thinking of the Japanese defence community on broader strategic issues and in establishing more regular exchanges of defence intelligence."[62] The late 1980s saw the involvement of political leaders in the debate. John Howard, the then Opposition Leader and now Prime Minister, proposed a tripartite defence and security arrangement among the United States, Australia, and Japan in March 1988. Out of consideration for possible Southeast Asian and South Pacific sensitivities, the then Defence Minister and now the Opposition Leader, Kim Beazley, rejected the proposal.[63]

A drastic change took place in 1990. Paul Dibb, then Deputy Secretary of the Australian Department of Defence visited Japan in March for discussions on strategic issues, which was followed by the first visit of Japan's Defence Minister, Yozo Ishikawa, to Australia in May, when both ministers discussed the role of Japan and Australia in the Asia-Pacific region.[64] Ishikawa's visit involved little policy content and provoked hardly any public debate in Australia. Yet it was "extremely assuring" for Australia that the attempt to initiate strategic dialogue and defence contacts with Japan represented "no obstacle" for both countries, and that it was possible to develop the partnership to encompass political issues beyond the trade agenda.[65] Australia's interests in developing contacts with Japan over defence and security issues were explicitly addressed by Prime Minister Hawke in his visit to Japan in September 1990:

> No framework for the conduct of international affairs could be regarded as adequate or complete if it lacked Japanese commitment and involvement. The days are gone when Japan's international political influence can or should lag far behind its economic strength and economic interests.[66]

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At the same time, Hawke officially supported Japan's permanent membership of the United Nations Security Council, the earliest expressions of support Japan received in this regard, and the participation of Japan's Self-Defence Force in a U.N. peace-keeping role in Cambodia and the Persian Gulf. These statements subsequently provoked a heated debate in the Australian Parliament where the Opposition tried to justify its objection to Japan's wider political role for a lingering concern in the Asia-Pacific region, but Hawke was adamant:

> ... the important point is ... that this Government neither seeks to hide behind those sensitivities nor, importantly, does this Government allow those sensitivities to act as a veto over the sovereign right of the Australian Government to articulate policies assessed to be in our national interests.[67]

These initiatives led to an Australian Government review of Japan's defence policy, commencing in September 1992. The Senate Standing Committee on Foreign Affairs, Defence and Trade initiated an inquiry into Japan's defence policy for Australia "to be better informed regarding recent security developments and implications for Australia, to address questions relating to possible Japanese roles in the Asia-Pacific region, and to recommend constructive actions that the Australian Government might undertake". The report concluded: "Through participation in regional networks, Japan can contribute to the solution of regional problems. It is the Committee's belief that where it can, Australia has a responsibility to facilitate such a regional approach."[68]

A driving force behind Australia's growing interest in Japan's security role in the region was a change in Australia's strategic standpoint on the importance of Northeast Asia to its security. This was because Australia had recently come to take the position that "the security of Southeast Asia cannot be separated from the rest of East Asia and consequences of instability in Northeast Asia has a direct consequence on Australia's well-being," as explained in the first foreign and trade policy White Paper.[69] This indicated that Japan's security and defence policy itself had become more significant in Australia's strategic environment and thus it was useful to establish a direct dialogue with Japan at the policy level. Japan and Australia commenced politico-military and military-military talks in February 1996 with the participation of assistant secretaries and director-generals. White explained Australia's objective: "... to the extent that talking to Japan gives us an opportunity to encourage the Japanese to see strategic issues our way to pursue their strategic interests in a way which is consistent with ours ... we are trying to influence Japan's strategic policy."[70]

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These arrangements in Australia–Japan defence ties, developed in the 1990s, may constitute the spadework for both countries in taking joint initiatives to enhance regional security, in much the same way as they built the framework for regional economic co-operation during the 1970s and 1980s. Both countries have shared interests in maintaining the stability of the region by means of a regional institution. Several proposals were put forward by the foreign ministers in both countries in the late 1980s and the early 1990s,[71] but none of them materialized. There is little evidence on record that Japan and Australia worked together to promote their proposals for regional security dialogues, in a manner reflecting their co-ordination in regional economic co-operation. This may be due to the fact that the paucity of bilateral dialogue on defence and security matters meant a dearth of mutual confidence. The establishment of such a dialogue is an important step for both countries' co-operation in regional security. Even if there was merit in upgrading the bilateral security relationship, along the lines of annual meetings of the foreign ministers and defence ministers of both countries, such as the Australia–U.S. Ministerial Consultations (AUSMIN), it is still premature to run ahead with new enterprises. A gradualist approach to build confidence is desirable in security co-operation, like the approach Australia and Japan took in regional economic co-operation.

An important field in which Japan and Australia can co-operatively contribute to regional security is the attempt to maintain a U.S. military presence in the Asia-Pacific region. The withdrawal of the United States from the region appears unlikely at this point. But Nicholas Platt, President of the Asia Society, has commented:

> The domestic support base for continuation of the US military presence in Asia depends on consciousness of trade and investment as a source of jobs ... This presence is not likely to last long if the Americans come to see themselves as merely watchdogs protecting Asia's economic growth.[72]

This rationale for the U.S. military presence in the Asia-Pacific was enunciated in the 1995 East Asian Strategy Report, which outlined U.S. strategic policy in East Asia. To create a stable region as a prerequisite for active economic exchange is an important economic interest for the United States in the Asia-Pacific region. The lack of interest in the Asian economic crisis by the U.S. Congress and on the part of the American public may accelerate the tendencies towards the reduction of the U.S. military commitment to the region. In his visit to Australia in July 1998, U.S. Defence Secretary, William Cohen, admitted that "the American people have not fully appreciated the depth and

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significance of the Asian crisis ... if we have valuable allies and friends who say 'we think this is a mistake' to me. That's a sign of real friendship".[73]

Conclusion

Growing Australia–Japan trade links were an important stimulus in entrenching bilateral relations in the post-war period. Given that Australia's share of Japanese imports over the past five years has been falling and Australia's significance in Japan's trade has declined, one might surmise that this could undermine the basis of the Australia-Japan partnership. Yet, Japan has consistently regarded Australia as a reliable partner in its Asia-Pacific economic diplomacy, and the diplomatic assets of both countries have laid the foundation for Japan and Australia to continue to strengthen their partnership. For instance, Japan supported Australia's inclusion in the East Asia Economic Caucus (EAEC) and membership of the Asia-Europe Meeting (ASEM), the latter position explicitly reiterated by Prime Minister Hashimoto during his visit to Canberra in April 1997: "We should like to do our part for that ... we are taking this task on ourselves, as we would like you to join ASEM as a member of the Asian side."[74] Australia acknowledges that Japan's support "will have a decisive bearing on Australia's overall standing in East Asia and [Australia's] degree of participation in regional affairs".[75]

Yet, for Japan to continue to recognize the significance of the partnership, Australia has to be more explicitly committed to "engagement with Asia". There was "uncertainty how hard Australia wanted to push its bid" for its ASEM membership, and Australia's "soft-pedalling" approach to membership confused and concerned Japan; in other words, Japan was concerned about Australia's declining presence in Asia.[76] The fact that Prime Minister Howard, who supported the Returned Services League's (RSL) opposition, forced the Australian Capital Territory government to eliminate the word "peace" from the original name of "peace park" for a park in Canberra to commemorate Canberra's sister-city relationship with Nara in 1997, was seen as indicative of this trend. The development of the Australia–Japan partnership partly depends on Australia's continuing commitment to the Asia-Pacific region.

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Vietnam's Objective in the South China Sea: National or Regional Security?

STEIN TØNNESSON

Vietnam's interests in the South China Sea may be divided into traditional national security interests, and interests linked to the broader category of human security. This article examines Vietnam's policy in the South China Sea and its use of the Law of the Sea. Vietnam has doggedly upheld its claim to the whole of the Paracel and Spratly areas (Hoang Sa and Truong Sa) and has spent considerable resources in modernizing its naval and air forces. However, there seems to be a move away from a narrow focus on national security to a more broad-based concern for human security. This is connected with a trend towards a greater regional, less nationalist approach, which may give Vietnam a key role in resolving the multiple disputes in the South China Sea.

Introduction

The disputes in the South China Sea form a permanent threat to Vietnam's national security, to its full integration with the rest of ASEAN, and to further improvement of its relationship with China.[1] The disputes also threaten regional security and the interests of the populations around the South China Sea, who need to be protected against typhoons, floods, pollution, depletion of fish stocks, piracy, and war. The manner in which Hanoi handles the situation in the South China Sea may have a significant impact on the living conditions of the Vietnamese, and for their country's regional role.

Vietnam's aims in the South China Sea may be divided into traditional national security concerns, and aims linked to the broader

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category of human and regional security. Under the first category are aims such as defending the long S-shaped coast against invasion, defending the sovereignty of the Paracels (Hoang Sa) and the Spratlys (Truong Sa), gaining exclusive control of resources on and under Vietnam's continental shelf, as well as living resources in the sea out to 200 nautical miles, collecting customs duties, and suppressing smuggling, piracy and other illegal activities within Vietnam's 12-nautical mile territorial waters.[2] As long as no formal agreements have been reached on the delimitation of maritime boundaries, attempts to pursue these aims tend to generate conflict between Vietnam and the other nations around the South China Sea.

Under the second category are aims such as defending the population against typhoons, protecting mangrove swamps, securing fish stocks for future generations, halting the destruction of coral reefs, preventing pollution, facing the eventuality of major oil spills, building modern and secure ports, maintaining open communications, securing regional peace, attracting serious oil companies to explore for oil and gas, and facilitating international trade and investments. These aims entail a need for regional and international co-operation.

The means in pursuit of the traditional national security interests are not necessarily effective in achieving human and regional security. National security may be pursued by maintaining considerable military capabilities, entering into alliances with other powers, and conducting nationalistic propaganda domestically and internationally. These means are costly and can lead to a deterioration in relations with neighbouring states, thus endangering human security. In pursuing human security for its population, the Vietnamese Government is finding other means more useful, such as bilateral and multilateral diplomacy, international co-operation in resource management and environmental protection, and activities to further develop an internationally recognized legal regime, on the basis of the United Nations Convention on the Law of the Sea (UNCLOS). UNCLOS was signed in 1982 and entered into force in November 1994, one year after the sixtieth state had ratified it.

This article will test the hypothesis that there is a gradual movement in Vietnamese policy away from a narrow focus on national security to a more broad-based concern for human security. If this is so, there must also be a tendency towards a more regional, less nationalistic approach. This could give Vietnam a key role in managing, and eventually resolving, the disputes in the South China Sea, not only among the ASEAN claimants, but also between the ASEAN countries on one side, and China and Taiwan on the other.

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The Disputed Zones and Isles

Vietnam's claim to a continental shelf and a 200-nautical mile Exclusive Economic Zone (EEZ) overlaps with rival claims by Cambodia, Malaysia, Indonesia, Brunei, the Philippines, China, and Taiwan — that is, all the states around the South China Sea, except Singapore and Thailand.[3] Thailand is the only state with which Vietnam has reached a final agreement on the delimitation of maritime zones, and this occurred in August 1997. Since 1994, Vietnam and China have been actively engaged in negotiations to delineate their maritime border in the Gulf of Tonkin, and the two governments have declared their intention to reach an agreement before the end of 2000.[4] During Chinese Prime Minister Zhu Rongji's visit to Hanoi on 1-4 December 1999, it was announced that the goal of reaching agreement on a land border treaty before 2000 had been reached, and the treaty was signed by the Chinese and Vietnamese foreign ministries on 31 December 1999. Earlier promises to solve territorial issues in the Tonkin Gulf were also reiterated.[5]

Vietnam's disputes over maritime zone delimitation in the central part of the South China Sea — or the Eastern Sea (Bien Dong), as the Vietnamese call it — are complicated by rival sovereignty claims to the Paracel islands (east of Vietnam and southeast of Hainan) and to the many islets, reefs, and atolls that are spread out over a vast so-called "Spratly area" between southern Vietnam, East Malaysia, Brunei, and Palawan. On old European maps, this area is more accurately described as "Dangerous Grounds". "Spratly" was the English name for one island only, which is situated in the western part of the area, and which the Vietnamese call Truong Sa. This island is under Vietnamese occupation. Not only Vietnam, but Taiwan, China, the Philippines, and Malaysia also keep garrisons on some of the isles in the larger Spratly area. The Paracel islands, to which Vietnam claims sovereignty, have been fully occupied by China since 1974.[6]

National Security

In July 1998, Vietnam for the first time published a White Paper on defence, in preparation for a meeting of the ASEAN Regional Forum (ARF). The 33-page document, entitled "Vietnam — Consolidating National Defence, Safeguarding the Homeland", stated that relations in Southeast Asia had improved but that there were "potentially destabilising situations, among them the disputes in the East Sea", which contained "a latent danger of conflict". In 1997, *Jane's World Armies* estimated that Vietnam's former army of 1.2 million troops had been

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reduced to 658,000 but that, in 1995, as much as one-fourth of the national budget, more than US$500 million, was given over to defence.[7]

The Socialist Republic of Vietnam (SRV) is a security-conscious state, with an acute sense of vulnerability because of its long coast, the difficulty of keeping north and south together, the history of national independence struggles, and the lack of a hinterland. The People's Republic of China, despite its huge hinterland, has a similar sense of being vulnerable to foreign threats and encroachments. The Chinese envy Vietnam its long coast, and feel that they themselves are being unjustly deprived of "maritime territory" by the presence of foreign insular and peninsular states in the Chinese maritime space: the Koreas, Japan with the Ryukyus, the Philippine islands, and Vietnam. In addition, the island of Taiwan is not under Beijing's control.

The People's Republic of China (PRC) and the Socialist Republic of Vietnam have tended to see their disputes in the South China Sea as a rival quest for "maritime territory", fish and hydrocarbon resources. Both have established a national mythology around the two "island groups", the Paracels and Spratlys, which the Chinese call Xisha and Nansha respectively, and the Vietnamese Hoang Sa and Truong Sa. Both countries, but more particularly China, claim that the Spratly area has tremendous deposits of oil and gas.[8] Vietnam and China have portrayed the Spratlys as inviolable parts of the sacred national soil since time immemorial, while in actual fact they are tiny islets, which have never sustained permanent human habitation.[9] Both have tended to approach the delimitation of sea boundaries as a question of delimiting "maritime territory". The sea has been perceived as analogous to land, and the delimitation of maritime zones has thus been discussed with the same terms as those used for delineating land borders. This has sometimes led the two countries to exaggerate the need for defending "maritime territories".

From the perspective of traditional national security stems a tendency to emphasize the military occupation of isles, the build-up of naval and air forces, the establishment of military bases on artificial islands constructed on reefs and atolls, the utilization of fishing fleets for national aims, and the mobilization of national sentiments around sovereignty claims. Since the mid-1970s, when China seized Pattle Island in the western half of the Paracels from South Vietnam, and the new Socialist Republic of Vietnam took over the South Vietnamese positions in the Spratly area, a war of words has raged between Hanoi and Beijing. This war has been manifested in several White Books, all of which follow the same pattern: reproduction of historical records and establishment of historical chronologies to prove that the Paracels and Spratlys have belonged to one or the other nation since long before

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there was such a thing as a concept of national sovereignty at all, followed by accusations against the other for violating each other's national domain. The war of words reached its first crescendo during the Sino-Vietnamese War in 1979,[10] and a second one in 1988,[11] when more than seventy Vietnamese sailors died in an attempt to prevent Chinese forces from occupying reefs in the Spratlys.[12] The polemic continued throughout the 1990s, but gradually a more moderate tone, and greater consideration for the Law of the Sea seeped into statements on matters related to the South China Sea.[13]

During the Cold War, Vietnam and China were both weak naval powers, but allied themselves with each of the world's two superpowers. Vietnam offered facilities to the Soviet Navy at Cam Ranh Bay, and China entered into a *de facto* alliance with the United States and the countries of the Association of Southeast Asian Nations (ASEAN), in an effort to isolate Vietnam in the wake of its invasion and occupation of Cambodia. This alliance pattern contributed to freezing the dispute in the South China Sea, where the Soviet and U.S. fleets dominated.[14]

After the end of the Cold War, the situation changed, opening up new opportunities: the Russian fleet reduced its presence drastically, although it kept a modest force at Cam Ranh Bay;[15] and the position of the U.S. Navy was weakened in 1992 by the closure of the base at Subic Bay in the Philippines.[16] Experts and politicians worried about an emerging power vacuum, which might be filled through an arms race in the region. Several countries did indeed engage in costly military modernization programmes, but it would be an exaggeration to say there has been an arms race. The U.S. naval demonstration in the Taiwan Strait in 1996 in the face of Chinese missile tests to scare Taiwan in its run-up to democratic elections, marked the end of talk about a power vacuum and American decline.[17] Since then, the U.S. Navy has repeatedly demonstrated its strength to regional states through visits, invitations, courses and exercises. It has also secured a Visiting Forces Agreement with the Philippines,[18] and has been promised the use of facilities at Changi Naval Base in Singapore from the year 2000.

Since the mid-eighties, China has increased its regional power and influence as a result of impressive economic growth, a much-improved standard of diplomacy, a naval build-up, and what one commentator has called a "creeping assertiveness".[19] Since the Sino-Vietnamese clash in the Spratlys in 1988, however, China has not acted in a confrontational manner. Even the military constructions on Mischief Reef in 1995 and 1998 were not probably meant to provoke a confrontation. Mischief Reef is close to the Philippines, but it was unoccupied when China started its construction work. The construction was probably meant to mark the outer perimeter of the Chinese claim, to create a base for

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naval units patrolling the general area, and to be a centre for signals intelligence (SIGINT). Officially, the Chinese describe their structure on Mischief Reef as a "shelter" for fishermen.

Vietnam's main response to the increasing power of China has been to improve bilateral ties, diplomatically, militarily, and between the two communist parties. Vietnam has, however, despite its need to concentrate resources on economic development, undertaken a costly modernization of its naval and air forces. The two broad themes that characterized the development of defence forces in East Asia during the last two decades of the twentieth century were a shift in focus from internal to external security, and increased emphasis on naval and air power. In the case of Vietnam, the shift was from maintaining a huge standing army and a permanent presence in Laos and Cambodia to creating an air and naval deterrent. Vietnam was a latecomer to the military modernization drive, absorbed as it was, until 1989, with the Cambodian war. After that, emphasis was placed on reducing the armed forces, and to recover from the shock of the termination of Soviet aid. In the mid-1990s, however, Vietnam began its military modernization programme. From 1994 to 1999, it bought twelve Russian Su-27 Flanker fighters at an estimated price of US$330 million, and in December 1999 was close to completing negotiations for the purchase of twelve Su-30K fighters as well.[20] Russia also sold Vietnam two missile boats and four radar stations, and signed a contract for technical assistance in the building of two warships.[21] Vietnam acquired short-range surface-to-surface missiles, and established a small force of combat helicopters.[22] Vietnam also bought weapons from North Korea and looked into the possibility of acquiring high-speed, silent Russian submarines.[23]

One of Vietnam's main military assets is the natural harbour at Cam Ranh Bay, which was developed as a strategic base successively by France, Japan, the United States, and the Soviet Union. In the mid-1990s, there was some speculation that Vietnam might invite the United States back to Cam Ranh Bay, or possibly invite several foreign navies to send their ships in for re-fuelling and repair. The Russian Navy never left the base, however, and in 1999 even granted funds to modernize its facilities there, which include a major SIGINT centre. Prime Minister Vladimir Putin told the Russian Security Council on 23 November 1999 that the Russian Pacific Fleet's 15th Operational Squadron in Cam Ranh Bay would receive improvements to its stores and service quarters, docking facilities, and communication systems under a new plan for expanding Russia's naval presence in the Mediterranean and the Pacific.[24] Thus, just as in the field of oil and gas, where the VietSovPetro company remains a central player, the Russian-Vietnamese connection does not seem to have lost its importance in the military field. Vietnam looks

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to Russia for arms, expertise, and training, and the Russian Navy has renewed its interest in Cam Ranh Bay. There will undoubtedly be tough negotiations when the time approaches for the end of the Russian lease to the base facilities in 2004.

Despite Vietnam's efforts to modernize its naval and air forces, and the continued Russian presence, the conclusion cannot be avoided that it is now relatively weaker militarily. Its capacity for power projection cannot match that of other regional players, notably China and Taiwan. In the 1990s, China has bought many times more arms from Russia than Vietnam could conceivably afford. Vietnam has acquired a small deterrent force, but its main means of ensuring peace and regional stability is, and will remain, diplomatic.

Human Security

The East Asian countries' modernization of their armed forces and increased emphasis on air and naval capabilities have run in tandem with a global tendency to move away from a narrow emphasis on traditional national security to a wider perception of human security. This has manifested itself in a number of conferences, declarations, and programmes over concepts such as food security, environmental security, energy security, and navigational safety. There is a general appreciation that improvement in these areas requires international co-operation.

Hanoi has used the 1990s to improve significantly its relations with Beijing, Tokyo, Washington, ASEAN, and the European Union (EU). Vietnam and Malaysia have agreed to establish a joint development zone in the Gulf of Thailand; Vietnam has also signed and ratified a treaty on maritime delimitation with Thailand. It will be interesting to see if Vietnam and China can live up to their promise of reaching an agreement on the delimitation of the Tonkin Gulf before the end of 2000.

In a climate of improved bilateral relations between the states in the region, it has also been possible to launch multilateral dialogues on various maritime issues and problems. Discussions have been held within the framework of the ASEAN Regional Forum, which in 1993 established the Council for Security Co-operation in the Asia Pacific (CSCAP), to which regional think-tanks and scholarly institutions now belong. This came in addition to a series of semi-official Track-Two workshops which was initiated in 1990 by Indonesian ambassador Hasjim Djalal and Canadian law professor Ian Townsend-Gault, with Canadian funding.[25] The annual workshops have been conducted in Indonesia, and a number of specialized working groups have met in

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other regional countries. Vietnam has taken an active part in the workshop process, improved its competence in maritime affairs as well as in the Law of the Sea, and allowed its academics and officials to engage in international expert networks.[26]

The question now is whether these changes are the first steps in a transformation from a pattern of irreconcilable national security conflicts to a new pattern where shared concerns for human and regional security can take precedence and form a framework for conflict management. A further question is what role Vietnam might play in such a transformation.

Ambassador Hasjim Djalal has led an effort to defuse attention from sovereignty disputes and instead approach shared concerns in order to initiate co-operative measures. From a human security perspective, the "enemy" will not then normally be the neighbouring state, but typhoons, El Nino or La Nina, polluting industries, callous ship captains letting out oil, pirates, fishermen using illegal methods, naval units destroying reefs and atolls, shrimp farmers destroying mangrove swamps, and so on. There is a growing awareness that the fight against such "enemies" requires a new security agenda.

Three problems have to be overcome before a transition to a new security agenda can be said to be successful. First, governments must be willing to spend substantial resources on efforts to promote human security, especially when such efforts run counter to the urge for rapid, but short-sighted economic growth. Secondly, co-operative regimes must be established among states with shared concerns, such as the states around the South China Sea. Thirdly, governments must be convinced that it will not be dangerous for them from a national security perspective to engage in multilateral efforts to address human security concerns rather than placing an emphasis on military preparedness.

The first problem cannot be easily overcome. The recent acceleration in the competition between nations for economic growth is ambiguous as far as human security is concerned. On the one hand, the emphasis on economic growth has shifted attention away from narrow national security concerns and promoted openness in international relations. On the other hand, the urge for catching up economically has created enormous environmental problems and has tempted politicians to look the other way while the environment is being destroyed. The second problem has been repeatedly addressed at the workshops held in Indonesia. The most promising factor at the moment is the United Nations Ecology Programme (UNEP) and the Global Environment Facility's (GEF's) new Strategic Action Plan for the South China Sea. After the plan had been completed, it had to be withdrawn from the agenda at the GEF's meeting in April 1999, because China was opposed

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to the "internationalization" of questions related to the South China Sea, but several Chinese agencies had participated actively in developing the plan. They have a stake in it, and so it seems likely that China will go along with the plan in 2000. If this happens, it will be a major step forward from an environmental point of view. Vietnam has stood firmly behind the plan.

The third problem was addressed at the East Asian summit in Manila at the end of November 1999, after the ASEAN countries had agreed, at the last moment, on a draft code-of-conduct for the South China Sea that would, *inter alia*, prohibit any new action to establish presence in any unoccupied rocks or reefs. China did not agree to the code-of-conduct, and thus it could not be signed in Manila, but China did not reject it either.[27] The ASEAN countries will no doubt continue to negotiate with China in order to reach an agreement on the code-of-conduct. Taiwan has not been party to the discussions about the code-of-conduct, but shortly before the Manila summit Taiwan made the gesture of announcing that it would replace its marines in Itu Aba, the largest of the isles in the Spratly area, with coast-guard personnel.[28] If a code-of-conduct is agreed upon within the region, and military tension is reduced, it will be possible for the countries to deploy more resources to matters related to human security, and to engage in discussions concerning the implementation of the United Nations Convention on the Law of the Sea.[29]

The process of globalization in the second half of the twentieth century has brought one important change which is likely to characterize the coming century: national laws have been subjected to a wave of standardization in order to facilitate international trade, investments, and communications, and international law has gained increasing importance. It may or may not be significant that all states around the South China Sea who are members of the United Nations have signed UNCLOS, and that all of them (except Cambodia and Thailand) have also ratified it.[30]

The Law of the Sea

UNCLOS constitutes an independent body within international law. This is in itself significant. It does not only regulate inter-state relations as far as maritime matters are concerned, but defines the obligations of states to safeguard global human interests, such as freedom of navigation, and preservation of living resources. The right defined in UNCLOS to a continental shelf, and to a 200-nautical mile EEZ should not be seen as a right to sovereignty, but as a right to exploit resources on and under the seabed (the continental shelf) and in the water (EEZ).

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It also entails an *obligation* to manage these resources in a responsible way. Full national sovereignty (full national jurisdiction) only applies to internal waters, that is, within the baselines that states draw along their coasts as a starting point for measuring their claims to maritime zones. A more limited national sovereignty (with the right to innocent passage) applies within the 12-nautical mile territorial sea, and an even more limited sovereignty within the additional 12-mile contiguous zone. Resources under the seabed outside the continental shelf, and living resources outside the 200-nautical mile EEZ belong to the global community. A loyal interpretation of UNCLOS thus requires a strong focus on measures to ensure human security.

The importance of UNCLOS in the context of the South China Sea resides partly in its provisions for resolving disputes over the delimitation of maritime zones, partly in its guidelines for how to manage resources in Exclusive Economic Zones, international waters (the high seas), and semi-enclosed seas.[31] A problem with UNCLOS, which sometimes can be turned to an advantage, is its vagueness. Its provisions are frequently being re-interpreted. The Law of the Sea is constantly evolving, and many of the UNCLOS provisions have not yet become customary international law, although of course they are legally binding on the states which have ratified the Convention.

The former South Vietnam participated in the elaboration of UNCLOS until Vietnam was unified in 1975; and from 1977, when the Socialist Republic of Vietnam (SRV) gained U.N. membership, Vietnam took an active part in the negotiations, and was among the signatories in 1982.[32] On 12 May 1977, before entering the negotiating process, the SRV had claimed for itself the whole range of maritime zones which were going to be authorized in UNCLOS: a 12-nautical mile territorial sea, a 12-mile contiguous zone, and a 200-mile Exclusive Economic Zone. In July 1982, Vietnam and its client regime in Cambodia agreed to jointly administer their common "historical waters" in the Gulf of Thailand. On 12 November 1982, Vietnam also claimed a major part of the Tonkin Gulf as "historical waters", and established a system of straight baselines from a point outside the border with Cambodia to Tiger Island, the entrance to the Tonkin Gulf.[33] In this period, Vietnam also held the opinion that each of the two archipelagoes it claimed in the South China Sea had a right to a continental shelf and EEZ.[34]

Basically, a coastal state like Vietnam can choose two main approaches to UNCLOS. It can seek to radically bend its rules in order to maximize national interests, or it can take the Convention seriously and try to realize national interests within the confines of a justifiable interpretation of the text itself, and of customary international law. The advantage of the first approach is that it *could* maximize the endowment

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of natural resources (if other states do not protest and take counter-measures). The advantage of the second approach is that it heightens a state's international prestige, and makes it a reliable partner in bilateral and multilateral relations.

For a long time, Vietnam followed the first approach (as did many other states). Vietnam considered the Hoang Sa (Paracel) and Truong Sa (Spratly) archipelagoes as two distinct territories rather than agglomerations of individual insular features,[35] and claimed that they, as island groups, had a right to continental shelves and 200-nautical mile Exclusive Economic Zones.[36] However, if one proceeds from the Law of the Sea, it is far from evident that the Paracels and Spratlys form two distinct archipelagoes, highly unlikely that it will be legitimate to draw a baseline around them (at least around the Spratlys), and also quite unlikely that any of the tiny islands in the Spratly area have a right to a continental shelf or Exclusive Economic Zone.[37] The Paracels consist of several distinct groups, with the Crescent and the Amphitrite as the most important. And the Spratly island is just one of a great number of small isles, reefs and atolls spread over a huge area which does not seem to form a natural group or archipelago. Some isles could be under one state's sovereignty, others under another, depending on its history of official claims and effective occupation. If the Spratly area was to be considered one archipelago, this would enhance the fatal assumption that one state must have sovereignty to all the islands, and that the same state should control the seabed underneath and the adjacent waters. This assumption does not seem defensible if one proceeds from the Law of the Sea, and the assumption is highly dangerous if one has regional security in mind. When Exclusive Economic Zones are to be delineated in the central part of the South China Sea, the main basis will most probably be the distance from the coasts of Vietnam, Hainan, Taiwan, Luzon, Palawan and Borneo, *not* from the islets, reefs, and atolls in the Spratly area. The Paracels, however, are likely to be attributed some weight, both because they are larger and have sustained seasonal habitation historically, and because it may be necessary to give them weight in order to reach an equitable solution.

Vietnam has also radically stretched the Law of the Sea when defining its own coastline. In 1982 it drew straight baselines along its coast, from one island to another, thus subsuming huge areas of sea as internal waters where other nations' ships do not have a right of innocent passage. And, as mentioned, Vietnam advanced the claim that the waters in the Gulf of Thailand, outside Vietnam and Cambodia, belonged to the two countries as "historical waters"; thus, a straight baseline could be drawn far out to sea. Originally, it was also Vietnam's

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view that the huge Tonkin Gulf was "historical waters" shared by Vietnam and China, so that after its delimitation each country would have full jurisdiction in its part. Vietnam held this view despite the fact that it would be in Hanoi's economic interest to follow the Law of the Sea and define the Hainan (Qiongzhou) strait as an international strait. Since the 1950s, when the matter caused a dispute between Britain and the PRC, China has considered the strait as internal Chinese waters. To be safe from Chinese inspection, ships going from Haiphong to Hong Kong would thus have to go around Hainan. In the past, China had seized several Vietnamese ships on their way to Hong Kong.[38]

Vietnam's radical interpretations of the Law of the Sea, which were no doubt meant to maximize its national interests, have actually proved counter-productive since they have contributed to legitimizing China's and other claimants' similar bending of international law. Vietnam's use of a radical straight baseline system provided a precedent for China when, in 1996, it drew its own straight baselines from Hainan north-eastwards to the mainland coast, and a separate, enclosed line around the whole of the Paracel archipelago.[39] In addition, Vietnam's claim to "historical waters" in the Thailand and Tonkin Gulfs has made the Chinese and Taiwanese claim to virtually the whole of the South China Sea, within the so-called nine-dotted line, as Chinese "historical waters" just a little less unreasonable than it would otherwise have been.[40] Furthermore, Vietnam's original claim to the Spratlys and Paracels as island groups with a right to continental shelves and extensive maritime zones has made it tempting for China to make the same claim. The most positive aspect of China's South China Sea policy in the 1990s has been a significant *non-action*. Despite urgings from some quarters, China has refrained from drawing a baseline around the Spratly area in the same way that it has done around the Paracels. If China had claimed the Spratlys as an archipelago with baselines around it, this would have removed any possibility of resolving the Spratly dispute.[41]

The dangers resulting from stretching international law to one's own national interests seem to have been understood by Vietnamese legal experts in the early 1990s, when Vietnamese government officials started to backtrack and take the provisions in UNCLOS more seriously. Now they have adopted the reasonable view that the islets in the Spratly area do not have a right to more than 12-mile territorial zones.[42] Vietnam's Hoang Sa and Truong Sa rhetoric has continued in the 1990s, but it has not been as shrill as in the past. Instead, Vietnam seems to have used its improved expertise on the Law of the Sea, its participation in the semi-official workshop process, and its membership in ASEAN, to develop discretely a new approach, more in consonance with a textual

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interpretation of UNCLOS.[43] When addressing the United Nations General Assembly on 25 September 1999, Foreign Minister and Deputy Prime Minister Nguyen Manh Cam said: "Vietnam holds the consistent view that the disputes in the Eastern Sea should be settled by peaceful means and through bilateral and multilateral negotiations among parties directly concerned, on the basis of full compliance with international law, especially the 1982 U.N. Convention on the Law of the Sea and the 1992 ASEAN Declaration on the South China Sea." He also declared: "As a member of the UN and the international community, Vietnam has done its utmost and will continue to do so to contribute to the common cause of humankind."[44]

The Vietnamese Government seems to have discovered that the costs of respecting the Law of the Sea may be smaller than the risks involved in radically bending or stretching it. This new realization has also no doubt helped Vietnam to resolve differences with Malaysia and Thailand, and to advance negotiations with China concerning delimitation of the Tonkin Gulf. It will be interesting to see to what extent China and Vietnam will use the provisions of UNCLOS when delimitating the Tonkin Gulf. They could agree to consider the Tonkin Gulf as historical (internal) waters with a closing line from the Vietnamese coast to Hainan, thus subsuming the whole Gulf as internal Chinese and Vietnamese waters. However, this would violate the Law of the Sea, and China seems to be against it. The two parties could instead choose to follow UNCLOS loyally and establish normal baselines as a point of departure for delimiting their maritime boundary, while carefully separating territorial waters, contiguous zones, and Exclusive Economic Zones. If they choose to scrupulously follow the provisions in UNCLOS, this might set a precedent for the future delimitation of other areas in the South China Sea.[45]

In the last half of the 1990s, while there were several incidents between China and the Philippines and also, in 1999, between Malaysia and the Philippines and between Vietnam and the Philippines, the Sino-Vietnamese relationship continued to improve. There were intermittent periods of coolness related to the awarding of oil concessions, or attempts to drill for oil on contested territory, but somehow these were overcome without causing any lasting damage to the bilateral relationship. This places Vietnam in a new and interesting position between China and the rest of ASEAN, a position that could give Vietnam a key role in developing a multilateral approach to managing the disputes and problems in the South China Sea. This requires, however, that Vietnam stay on good terms with both China and the Southeast Asian states. Vietnam's position as a Southeast Asian nation bordering China,

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and sharing many of China's cultural traits, might foster diplomatic attempts to build bridges across the regional borderline between Southeast and Northeast Asia.

Is There a South China Sea Region?

From a human security perspective, the South China Sea does not naturally appear as a divisive "maritime territory" waiting to be carved up, or a venue for threats, incursions, and invasions. It is seen instead as a source of animal protein and energy, a regional maritime bridge, and an international thoroughfare. From such a perspective, the sea is a major resource, shared by the people living around it, both Chinese and Southeast Asian, and with an important role to play as a transport route for all the world's merchant fleets and navies.

In the pre-colonial and most of the colonial period, Europeans used to speak of the whole region from India to Japan as "the Far East", but since World War II, the convention has been to distinguish between, on the one hand, Southeast Asia, which today consists of ten states who are all members of ASEAN and, on the other hand, Northeast Asia, encompassing China with Taiwan, the two Koreas, Japan, and the Russian Far East. This convention has been reflected also in European, American, and Australian academic research, where scholars define themselves as either Southeast Asia specialists, Sinologists, Japanologists or Korea experts, with only a few studying East Asia as a whole. This is unfortunate for research on the South China Sea, since an unbiased approach to the sea and its problems demands a perspective where the water is at the core of a region encompassing the surrounding lands, regardless of whether they are Southeast Asian or Chinese. The initiative of South Korea and the ASEAN countries, in the run-up to the Manila summit of November 1999, to create an East Asian co-operation forum, encompassing both Southeast and Northeast Asia, may perhaps make it easier to see that the states and provinces around the South China Sea actually form an East Asian sub-region.

The islands of Hainan and Taiwan, the mainland Chinese provinces of Guangxi, Guangdong, and Fujian, and the Special Administrative Region of Hong Kong constitute the northern part of the South China Sea region. This is the area where most Chinese migrants to Southeast Asia came from. The islands of Luzon, Mindoro, and Palawan constitute the eastern part of the region. The southern part consists of the two Malaysian states of Sabah and Sarawak, Brunei, Indonesia's Natuna Islands, and Singapore. The western part of the region runs from Singapore up the east coast of West Malaysia, through the Gulf of

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Thailand, Thailand and Cambodia, and along the long Vietnamese coast up to the Tonkin Gulf. All these territories could be seen as parts of "the South China Sea region", which thus joins together much of Southeast Asia and southern China. The region's principal commercial ports are Hong Kong and Singapore, but other ports also play a significant role in regional trade. The region also includes important naval anchorages at Cam Ranh Bay, Zhanjiang, Yulin, and Kaoshiung. Subic Bay was a U.S. military base until the Americans left in 1992, and the Philippines has since tried, with Taiwanese investments, to make it into a major commercial free port.

As a semi-enclosed sea, the South China Sea has a double role. On the one hand, it forms a core of a region, a "sea bridge" between the surrounding states. On the other hand, it is an international thoroughfare, with crucial shipping routes from the Indian Ocean to the Pacific, running through some of the most trafficked straits in the world. From a conflict perspective, there are thus two dividing lines. The first goes between all the regional states that compete for isles, maritime zones, and resources. The second goes between the coastal states and the world's main shipping nations and naval powers, as well as those states in Northeast Asia which depend on open sea-lanes for the provision of oil and other commodities. When, or if, the states around the South China Sea manage to establish co-operative regimes for resource management, they will also need to reassure outside powers that the freedom of navigation will be respected.

Vietnam's Bridge-building Potential

Vietnam used to be a source of regional conflict. In the 1950s and 1960s, Chinese support for the Viet Minh and North Vietnam provoked fear in Southeast Asia that Vietnam was a pawn in the hands of an expansionist Red China. After the end of the Second Indochina War in 1975, the Sino-Vietnamese conflict transformed Vietnam into a perceived threat both to the rest of Southeast Asia and to China. This threat perception provoked an improvement in the relationship between China and the ASEAN countries. At the present historical juncture, Vietnam's geographic location and its strong traditional ties with both China and the Southeast Asian countries could instead give it a constructive role as a bridge-builder between ASEAN and China, and between Southeast and Northeast Asia. The normalization of Sino-Vietnamese relations in 1991, and Vietnam's membership in ASEAN from 1995, has provided Hanoi with an opportunity to realize its bridge-building potential, but this will demand a change of outlook, for which

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the Vietnamese leaders are not well prepared. They still demonstrate a tendency to view foreign relations mainly in terms of likely foreign threats to national independence and political stability. Thus, they stick to a reactive foreign policy rather than utilize their potential to play an active, regional role. As mentioned, a number of changes have occurred in the region, which all seem to enhance Vietnam's chance to conduct a more active foreign policy to deal with such issues as a more pragmatic China; a crisis of leadership in ASEAN after the fall of Indonesian President Soeharto in May 1998; agreements on maritime delimitation in the Gulf of Thailand; closer relations between Vietnam and the Philippines; and Vietnamese contact with Chinese experts on the Law of the Sea through negotiations over maritime delimitation in the Gulf of Tonkin.

In this situation, a more self-conscious Vietnamese leadership could engage its diplomacy in a major, long-term effort to manage the disputes in the South China Sea, with the objective of an overall delimitation of maritime zones. China and Vietnam will need to settle their dispute over sovereignty of the Paracels,[46] and some of the islands in that group are probably big enough to generate claims for Exclusive Economic Zones under the provisions of UNCLOS, paragraph 121 (1) and 121 (3).[47] In the Spratly area, however, a compromise solution could conveniently be based on a multilateral agreement that none of the Spratly islands satisfy the conditions established in the Law of the Sea for generating more than 12-nautical mile territorial zones.[48] This would make it possible for the various claimant states to continue their occupation (should they wish to do so), without this having any effect on the delimitation of maritime zones. The dispute over sovereignty of the so-called Spratlys could then simply be shelved and the central parts of the South China Sea could be divided equitably into national economic zones through bilateral and multilateral negotiations. If after delineating all the EEZs, there were to be a remaining zone in the middle, it would, legally speaking, be *high seas* and thus belong to the global community. Presumably, however, the setting up of some kind of joint management by a Sino-ASEAN regional authority, possibly with Taiwanese and international participation, could be envisaged.[49] All of this may seem Utopian, but when realist politicians search for compromises, they sometimes need a dose of idealism. Each state's South China Sea policy is no doubt primarily motivated by realistic calculations of national economic and security interests, but when excessive realism only leads to status quo, and perpetuates tension and endangers the environment, then it is time for motivated professionals to set an alternative agenda.

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From National to Human Security?

Has there been a move in the region from a concern for traditional national security to an emphasis on regional, human security? The answer, despite the Mischief Reef incident and the squabbles in the summer and autumn of 1999 between Malaysian, Philippine and Vietnamese forces, and Chinese fishermen, is a modest yes. Many of the preconditions for such a transformation have been established, such as a shift of focus from military force to a quest for economic performance, an improvement in relations between the regional states, the creation of formal and informal regional networks among legal experts and experts on maritime affairs, the adoption of confidence-building measures, and the drawing up of a draft code-of-conduct which may, or may not, be negotiated successfully with China. These basic changes have not, however, translated into decisive efforts to manage the dispute in the South China Sea, or to establish co-operative regimes within specific domains. The most hesitant of the claimant states has been the People's Republic of China, which is under pressure from inherited rhetoric, nationalist impulses, and continued competition with Taiwan for national legitimacy, to uphold its exaggerated claims to "maritime territory".[50] The PRC's behaviour in the South China Sea may sometimes also be understood as an attempt by the government to demonstrate resolve to its own population.

In this situation, Vietnam can choose between two main strategies, with a different emphasis. The first continues to see the main task as defending the sovereignty of the Spratlys (Truong Sa) and to insist that China give back the Paracels (Hoang Sa) to Vietnam. This will require a military build-up, nationalist mobilization, and renewed attempts to find allies abroad to present a counter-balance to China. The alternative strategy defines the main aim as keeping and promoting regional peace, and enhancing human security. This requires increased regional and international trade, and engaging China, together with the ASEAN countries, in co-operative regimes within a number of sectors, driven by science, environmental awareness, and the study and application of international law. The two strategies are not in absolute conflict, since it is also necessary, of course, to defend national security if the second strategy is chosen. The difference is one of emphasis.

There are two basic problems with the first strategy. First, Vietnam is still a poor country and can hardly afford to build naval and air forces that stand any chance of matching Chinese naval power, although Vietnam may be strong enough to maintain a minor deterrent role (with modern Russian-built fighter aircraft and warships). Secondly, Vietnam's membership of ASEAN does not represent a counter-balance to China.

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ASEAN is not a military bloc, only an association of states. The one major power that can possibly counter-balance China is the United States. Thus, the only situation where the first strategy is likely to succeed is one where Vietnam radically improves its relationship with the United States while Sino-American relations deteriorate. Successes gained in such a situation would seriously damage Vietnam's relationship with its huge northern neighbour. In the long-term perspective, perhaps Japan may also once more constitute an alternative counter-balance to China, but the Japanese do not seem to want such a role, which would make their country thoroughly unpopular in much of the Asia-Pacific region.

Thus, it seems logical for Vietnam to either apply a passive, reactive foreign policy, or choose the second strategy and actively seek to engage the region in the new global discourse on human security.

NOTES

1. For a record of improvement in the Sino-Vietnamese relationship during 1991–97, with intermittent crises, see Ramses Amer, "The Territorial Disputes between China and Vietnam and Regional Stability", *Contemporary Southeast Asia* 19, no. 1 (June 1997): 86–113.
2. A new Vietnamese governmental decree was issued on 9 June and took effect on 24 June 1999, outlining the legal action to be taken against anyone who violates Vietnamese territorial waters (12 nautical miles from the baselines), and also authorizing actions to defend Vietnam's prerogatives on its continental shelf and within its 200-nautical mile Exclusive Economic Zone. *South China Morning Post*, 12 June 1999.
3. See Ramses Amer, "Vietnam and Its Neighbours: The Border Dispute Dimension", *Contemporary Southeast Asia* 17, no. 3 (December 1995): 298–318.
4. An agreement was reached in October 1993 between leaders of Vietnam and China to step up the negotiation process towards an early signing of a treaty on the mainland border and on the delineation of the sea boundary in the Gulf of Tonkin. The Vietnamese intention was, for some time, to reach an agreement both on land border and delineation of the Tonkin (Bac Bo) Gulf "before the year 2000" (Vietnam News Agency, 16 August 1997; Voice of Vietnam, 30 March 1998). Later, this was corrected to "in 2000" (BBC Monitoring Newsfile, 29 September 1998), and then the aim became to settle the land border before 2000 and the delimitation of the Gulf of Tonkin "by 2000" *(Kyodo News*, 29 September 1998), or "no later than 2000" (Xinhua News Agency, 30 December 1998).
5. Reuters, 3 December 1999; and *Nhan Dan*, 31 December 1999.
6. Pattle Island is the main island in the western Crescent group, and Woody Island in the eastern Amphitrite group. In 1931, France claimed the Paracels as a historic part of Annam and in the late 1930s established a garrison on Pattle Island, mainly as a counter-move to Japan. China had repeatedly stated its sovereignty over the Paracels earlier in the twentieth century, but (according to French documents) tolerated the French occupation as a counter-move to Japan, under the condition that this would not prejudice the Chinese claim. During the Pacific War, there was both a Japanese

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and French presence in the islands, but after the end of the war, they were unoccupied. In late 1946 and early 1947, China occupied Woody Island, and France re-established its occupation of Pattle Island which, after the partition of Vietnam at the 1954 Geneva Conference, was left to South Vietnam. The Taiwanese had in 1950 abandoned Woody Island. In early 1956 a visiting French ship discovered that PRC forces occupied it. In 1974, towards the end of the Second Indochina War, a PRC force seized Pattle Island from its South Vietnamese occupants, and the PRC has since controlled the whole of the Paracels. The above is based on Greg Austin, *China's Ocean Frontier: International Law, Military Force and National Development* (St. Leonards: Allen & Unwin, 1998), pp.98-130, and on documents in the archives of the French Ministry of Foreign Affairs and the Service Historique de la Marine in Paris. A fuller account will be made in a manuscript the author is working on, based on French and British archival sources.

7. Reuters (Andy Soloman in Hanoi), 2 July 1998.
8. The Norwegian firm PGS Nopec, which made a survey in 1997 in co-operation with the Indonesian, Malaysian, and Vietnamese governments, came up with results that did not confirm the Chinese expectations. It shot three seismic lines through the Spratly area (which is not much), and reported huge structures that *could* contain large reserves of hydrocarbons. However, there were also some geological risk factors. The conclusion was that the question of whether or not the structures contain oil and gas could be answered only by drilling. Personal communication from Mr. Kjell Bugge Johansen, PGS Nopec, 19 February 1999. Two reports on the hydrocarbon potential are available on commercial terms: *South East Asia Super Tie-95* (SEAS-95), and IEDS, *A Review of the Hydrocarbon Potential of the South West China Sea*. These have not been consulted for the present article.
9. By the mid-twentieth century, according to French reports from that period, the Paracels were also not permanently inhabited, but Hainanese fishermen stayed there for the better part of the year.
10. *Vietnam's Sovereignty over the Hoang Sa and Truong Sa Archipelagos* (Hanoi: Information and Press Department, Ministry of Foreign Affairs, Socialist Republic of Vietnam, 1979), p. 60.
11. *The Hoang Sa and Truong Sa Archipelagos and International Law* (Hanoi: Ministry of Foreign Affairs, Socialist Republic of Vietnam, April 1988), p. 54.
12. Chang Pao-min, "A New Scramble for the South China Sea Islands", *Contemporary Southeast Asia* 12, no. 1 (June 1990): 24–29; and Sheng Lijun, "Beijing and the Spratlys", *Issues and Studies* 31, no. 7 (July 1995): 18-45.
13. In 1996, the retired head of Vietnam's Border Commission, Luu Van Loi, published *The Sino-Vietnamese Difference on the Hoàng Sa and Truòng Sa Archipelagos* (Hanoi: The Gioi, 1996). This book follows the same argumentative pattern as the earlier White Books, but is more nuanced, and aims for negotiations on the basis of international law rather than national confrontation.
14. For an in-depth study of Soviet naval policies during the Cold War, see Derek da Cunha, *Soviet Naval Power in the Pacific* (Boulder: Lynne Rienner, and Singapore: ISEAS, 1990).
15. According to Russian sources, the Russian Navy still maintains several hundred personnel at Cam Ranh Bay. Russia has a 25-year lease on the base that expires in 2004, a deal that Moscow wants extended despite its domestic financial problems. Sergei Blagov, "Russia–Vietnam: Commercial Military Ties Bind Old Pals", Inter Press Service (Moscow), 7 July 1999. For disagreements between Vietnam and Russia concerning the extension of the lease, see *Jane's Defence Weekly*, 21 April 1999.

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16. See Alfredo R.A. Bengzon with Raul Rodrigo, *A Matter of Honor: The Story of the 1990-91 RP-US Bases Talks* (Manila: Anvil, 1997).
17. John W. Garver, *Face Off: China, the United States, and Taiwan's Democratization* (Seattle: University of Washington Press, 1997).
18. The Philippine Senate ratified the agreement in May 1999 over vigorous opposition from the Roman Catholic Church and leftist groups. It cleared the way for the resumption of joint military exercises, which had been suspended in 1995, three years after the closure of the U.S. base in Subic Bay. Reuters, 3 October 1999.
19. Ian James Storey, "Creeping Assertiveness: China, the Philippines and the South China Sea Dispute", *Contemporary Southeast Asia* 21, no. 1 (April 1999): 95-118.
20. *Jane's Defence Weekly,* 1 December 1999.
21. Interfax news agency (Moscow), 30 June 1999 (BBC Monitoring Service, 2 July 1999).
22. *Jane's Defence Weekly,* 24 November 1999.
23. Blagov, op.cit.
24. Jane's Information Group, *Russia: The Week in Review*, 1 December 1999.
25. Hasjim Djalal, "Potential Conflicts in the South China Sea: In Search of Co-operation", *Indonesian Quarterly* 18, no. 2 (2nd quarter 1990): 127-32; Ian Townsend-Gault, "Preventive Diplomacy and Pro-Activity in the South China Sea", *Contemporary Southeast Asia* 20, no. 2 (August 1998): 171-89; Lee Lai To, *China and the South China Sea Dialogues* (Westport CN: Praeger, 1999); and Yann-Huei Song, *Managing Potential Conflicts in the South China Sea. Taiwan's Perspective,* East Asian Institute, Occasional Paper no. 14 (Singapore: Singapore University Press, 1999).
26. Tom Næss, a student of political science who is associated with the "Energy and Security in the South China Sea" project at the Centre for Development and the Environment, University of Oslo, has undertaken a study where he discusses whether or not an *epistemic community* of experts has been formed around the South China Sea.
27. "In principle, all the parties concerned have expressed their support to such a code of conduct. Actually we have reached an agreement on the bulk of the code of conduct," said China's Prime Minister Zhu Rongji after a meeting with Singapore Prime Minister Goh Chok Tong on 29 November 1999. He added that the code of conduct was a "very serious and important matter to China" and it would not rush to sign: "It is important that after signing it is carried out, therefore we need to have full consultation in order to achieve unanimous agreement." *Asian Wall Street Journal,* 30 November 1999.
28. The Taiwanese Defence Minister, Tang Gei, told the Interior Affairs Committee of the Legislative Yuan that Taiwan did not have the capability to defend the Nansha (Spratly) Islands in the event of a military conflict. China News Agency (Taipei), 24 November 1999.
29. In November 1997, before the United Nations General Assembly adopted a resolution on the Oceans and the Law of the Sea, the representatives of Vietnam, China, the Philippines, and Malaysia all made known their countries' claims to the Spratly area, or parts thereof. However, all of them also emphasized the need to abide by the rules of UNCLOS, of resolving the dispute through peaceful means, and they voted in favour of the resolution. M2 Presswire, 27 November 1997.
30. A short and clear introduction to the Law of the Sea is given by the IISS (International Institute of Strategic Studies) in its *Strategic Comments* 5, issue 9 (November 1999).
31. UNCLOS requires all contracting states to protect and preserve rare or fragile ecosystems and the habitat of endangered species. However, UNCLOS gives prime responsibility to the industrialized countries for such protective measures. Developing nations are just expected to contribute to the best of their ability.

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32. The following is based on Epsey Cooke Farrell, *The Socialist Republic of Vietnam and the Law of the Sea. An Analysis of Vietnamese Behavior Within the Emerging International Oceans Regime* (The Hague: Martinus Nijhoff, 1998). Although this book was published in 1998, the writing was completed in 1991, and does not include developments after 1991.
33. In the context of ongoing thesis work, Johan Henrik Nossum, a student of law at the University of Oslo, has tried to find a legal basis in UNCLOS for the Vietnamese straight baseline system, but has found little to be said in its defence.
34. Mark J. Valencia and Jon M. Van Dyke, "Vietnam's National Interest and the Law of the Sea", *Ocean Development and International Law* 25 (1994): 217–50.
35. Truong Sa (the Spratlys) is considered by Vietnam to be a district of Khanh Hoa province.
36. Statement on the Territorial Sea, the Contiguous Zone, the Exclusive Economic Zone, and the Continental Shelf of Vietnam, 12 May 1977, paragraph 5. Appendix 3 in E. C. Farrell, *The Socialist Republic of Vietnam and the Law of the Sea.*
37. If any of them are given a right to an EEZ, then their weight in delimiting boundaries between their zones and those of the opposite mainland coasts would probably be modest.
38. In September 1992, Vietnam announced that nearly twenty Vietnamese ships transporting goods from Hong Kong had been seized by China since June that year. Amer, "The territorial disputes...", p.89.
39. This drew protests from the United States and other countries because China, as a non-archipelagic state, does not have a right to draw archipelagic baselines. China has defended itself by pointing to the fact that archipelagic baselines have also been drawn by other non-archipelagic states, such as Ecuador around the Galapagos.
40. The claim to all territory within the so-called "nine-dotted line" (which originally had eleven dots) was first made on a map issued by Chiang Kai-shek's government, and was later taken over by the People's Republic of China, which formalized the claim in its Law on the Territorial Sea and the Contiguous Zone, adopted by the People's National Congress as late as 1992. Taiwan makes the same claim on behalf of "China". It remains uncertain if the Chinese and Taiwanese claim to all of the South China Sea within the nine-dotted line is meant as a "historical waters" claim. In the Law of the Sea, "historical waters", which are only recognized under very particular circumstances, are considered as internal waters, where the sovereign state has full jurisdiction. If the South China Sea were Chinese "historical waters", China would not actually need the baselines it drew in 1996. The baselines should then have been drawn around the historical waters, that is, following the nine-dotted line. For two recent attempts to clarify this issue, see Peter Kien-hong Yu, "The Chinese 'U-shaped Line' and its Importance in Viewing the South China Sea Strategic Zone", *Defence & Foreign Affairs: Strategic Policy* (April 1999), p. 16; and Zou Keyuan, "The Chinese Traditional Maritime Boundary Line in the South China Sea and Its Legal Consequences for the Resolution of the Dispute over the Spratly Islands", *International Journal of Marine and Coastal Law* 14, no. 1 (1999): 27-55. Zou Keyuan concludes (p. 52): "On the one hand, it seems that China does not claim everything within the line as can be seen from its diplomatic notes, relevant laws and public statements. What China claims are the islands and their adjacent waters within the line (...) On the other hand, a number of factors may give people the impression that China regards the line as its maritime boundary line."
41. Stein Tønnesson, "Can Conflicts be Solved by Shelving Disputes?" *Security Dialogue* 30, no. 2 (July 1999): 179-82.

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42. See Mark J. Valencia, John M. Van Dyke and Noel A. Ludwig, *Sharing the Resources of the South China Sea* (The Hague: Martinus Nijhoff, 1997), pp. 41–45.
43. A bilingual English-Vietnamese edition of UNCLOS has been published: *Cong Uoc Cua Lien Hop Quoc Ve Luat Bien. United Nations Convention on the Law of the Sea 1982* (Hanoi: Nha Xuat Ban Chinh Tri Quoc Gia, 1999), and Professor Nguyen Hong Thao has published a valuable introduction to the Law of the Sea: *Nhung Dieu Can Biet Ve Luat Bien* (Hanoi: Nha Xuat Ban Cong An Nhan Dan, 1997).
44. VNA News Agency Website, 26 September 1999.
45. The idea here is *not* that the weight given to the islands in the Tonkin Gulf should set a precedent for how to treat islands in other parts of the South China Sea. The idea is merely that China and Vietnam could strengthen the role of UNCLOS by clearly grounding their treaty in the provisions of the convention. For a recent superb analysis of the delimitation issue in the Tonkin Gulf, see Zou Keyuan, "Maritime Boundary Delimitation in the Gulf of Tonkin", *Ocean Development and International Law*, no. 3 (1999), pp. 235-54
46. A discussion of the sovereignty dispute in the Paracels, which is not favourable to the Vietnamese claim, can be found in Austin, op.cit., chapter 4.
47. UNCLOS 121 (1) defines an island as "a naturally-formed area of land, surrounded by water, which is above water at high tide", and adds, in Article 121 (3), that "Rocks which cannot sustain human habitation or economic life of their own shall have no exclusive economic zone or continental shelf."
48. Marius Gjetnes, a law student who is associated with the "Energy and Security in the South China Sea" project at the Centre for Development and the Environment, University of Oslo, is currently undertaking a study in which he discusses whether or not any of the islands in the Spratlys satisfy the conditions for generating a continental shelf and an EEZ.
49. A major source of creative thinking about how to resolve the legal disputes in the South China Sea is Valencia, Van Dyke and Ludwig, *Sharing the Resources of the South China Sea.*
50. A suggestion to shelve the dispute concerning sovereignty over the islets, reefs and atolls in the Spratly area while concentrating on environmental management and the delimitation of maritime zones, seems to make perfect sense. If, however, China's oft repeated suggestion to shelve the disputes should be understood as a suggestion to postpone maritime zone delimitation while creating a Joint Development Zone to jointly drill for oil in the Spratly area, the proposal seems much less constructive. To jointly explore for oil in the part of the South China Sea that is furthest away from China (the Spratly area) will hardly be acceptable.

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Contemporary Southeast Asia, Volume 22, Number 1, April 2000

Book Reviews

ASEM: The Asia-Europe Meeting — A Window of Opportunity. **Edited by Wim Stokhof and Paul van der Velde.** London: Kegan Paul International in association with the International Institute for Asian Studies, Leiden and Amsterdam, 1999. 179pp.

The volume under review is a decidedly "mixed bag" of analysis and commentary on ASEM, its objectives, achievements, problems, and future prospects up to the time of writing (some time in 1998) and publication (1999). The book is divided into several parts, as follows: "The Politicians' View of ASEM", "Improving Mutual Contact between Asia and Europe", "Challenges and Problem Areas", and "The Future of ASEM". There are five appendices, namely, the Chairman's statements of 1996 and 1998, a statement on the financial and economic situation in Asia, written for ASEM 2, and a list of contributors and abbreviations. The various contributions are footnoted, with considerable variation in the detail and quality of the footnoting.

The book deals with a number of well-known issues and controversies, as evident from the listing of the main topics above. Several main themes appear. First of all, the contributors are in agreement that ASEM is an important vehicle for building bridges and creating greater understanding between Asia and Europe. Secondly, there are areas in which greater co-operation can be achieved, for mutual benefit, and with a minimum of controversy, particularly in economic matters. Thirdly, some issues are quite contentious, notably in the field of human and political rights, and caution must be exercised in pursuing such matters, lest disagreements derail or hinder co-operation in less contentious fields (as noted, in economic relations). And, finally, ASEM can eventually

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lead to a relationship which would help modify the influence of the United States in both Asia and Europe. Some of the chapters are rather eloquent statements about the political views of a particular country; this is especially the case with the contribution by Zhao Gancheng, whose main point is that no amount of ASEM activity can be successful without taking into account the emergence of China as a world power with great regional impact even at the present time.

The quality of the contributions varies considerably. The section on politicians' views is a mere set of general considerations on the importance of ASEM and carries no real analytical value. In the more conceptual subsections, I found the following contributions to be quite worthwhile: "Getting Serious about Asia-Europe Security Cooperation", by Dong-Ik Shin and Gerald Segal; "Developing the Business Relationship between Asia and Europe: Trends and Challenges", by Tetsundo Iwakuni; and "The Future of the ASEM Process: Who, How, Why, and What", by Jurgen Ruland. Ruland's piece is the best of the lot and offers valid analysis of the question of who should be members of the process, how ASEM should function, and which objectives can reasonably be achieved. The statement on China's view has already been mentioned. There are also useful "how to" chapters on the impact of the global information society and combating corruption.

As indicated, there are some real shortcomings in this volume, but some valuable contributions as well. The book therefore is best suited as a supplement to more detailed and analytical works on this important topic.

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***Regional Orders at Century's Dawn: Global and Domestic Influences on Grand Strategy*. By Etel Solingen**. Princeton: Princeton University Press, 1998. 334pp.

This highly theoretical work seeks to examine the nature of global politics at the end of the century through an exposition of the nature of domestic and international coalitions. Essentially, Solingen divides the world into two arch-type coalitions: "internationalist" and "statist-

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nationalist". The proposition is that the latter are more prone to conflict with both fellow "nationalist coalitions" and "internationalist coalitions" alike. Ultimately, this book is a critique of neo-realism and Solingen seeks to show that "internationalism" has fundamentally altered the nature of relations between states. The strength of Solingen's work is the detailed way in which the author is able to explain domestic sources of foreign policy, and the discussion of convergence between internationalism and democratic peace theory. While one might question the binary categorization of coalitions as conforming strictly to international or statist-nationalist strategies, this study does point to an important explanation of peaceful relations and conflict within international relations. However, all "coalitions" which oppose internationalism are inherently labelled as "statist-nationalist" and/or "confessional", but there is no concession to socialist/dependency critiques of internationalism, which are inherently assumed by the author to be statist in practice. Solingen is at times quite sanguine about the dominance of internationalism in international relations, but recognizes that this process is not irreversible, with reservations expressed about internationalist coalitions' ability to "distribute the spoils of reform". However, no recommendations are forthcoming about how neo-classical economics may be ameliorated to rise above the narrowly defined self-interest that seems to concern the author.

This study concludes that while democracy has been a useful precursor to peace, it is important to realize that this coincides primarily with the industrialized world's "zone of peace". Even in the context of the developing world, the author points out, "internationalizers" have altered the nature of international relations for the better. The author's qualifier is that internationalists with a democratic base are far stronger in terms of domestic political legitimacy than those with an authoritarian base. While both democracy and internationalism are viewed as concepts reinforcing the creation of a more stable world order, essentially "internationalizers" are credited with having greater influence. Economic liberalization is seen as the "engine of peacemaking".

To contextualize the theoretical framework, the author uses three case studies, called "The Empirics", which are the Southern Cone of South America, the Middle East, and the Korean peninsula. The strength of this survey is that it demonstrates the effect of domestic coalitions on foreign policy outcomes. These case studies further serve as a critique of neo-realism but may be guilty of putting up a straw-man argument. Did international relations in the Cold War era really "ignore the domestic prism" as is claimed? Solingen states that neo-realism cannot account for the absence of war in the Korean peninsula since the 1950s.

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The author's assessment of the Korean peninsula may, however, be unduly optimistic, as this situation still represents one of the most potentially serious threats to world security. The absence of war since 1950 does not mean the absence of conflict on the peninsula. North Korea's "co-operation" can easily be explained in realist terms, namely, that North Korea's reluctant acquiescence to international rules and norms is the result of power politics.

Curiously, a short section on ASEAN (pp. 248-51) appears under the chapter heading "The Korean Peninsula". This section illustrates that for broad theoretical works, the devil is sometimes found in the detail. Solingen confuses ASEAN as an organization and ASEAN as a region, and unconsciously jumps between definitions. The failed ASEAN Industrial Joint Ventures (AIJV) project is cited as evidence of economic integration! That ASEAN was primarily a diplomatic community, uninterested in economic integration until the establishment of the ASEAN Free Trade Area (AFTA) in 1992, seems to have escaped the author's attention, the export orientation of the member states of ASEAN notwithstanding. The author's conclusion that neo-realism does not explain the emergence of ASEAN becomes questionable in this light. Even though ASEAN may have modified some foreign policy outcomes, it remains a vehicle that represents the self-interest of the member states.

In conclusion, the dyad presented in this volume is a somewhat useful way to understand the nature of international relations in the post-Cold War world. However, like Samuel Huntington's "clash of civilizations" thesis, it may be just one lens with which to view the world. Generalities inevitably invite exceptions that may not fit the rubric. Dividing the world into two arch-types is certainly one way of assessing international conflict among many other frameworks. An important question is: can the majority of states be strictly classified as being either "internationalist" or "statist"? Perhaps a continuum may better explain how states position themselves, rather than a dyad. In the final analysis, despite the difficulties of interpretation, particularly with some of the case studies, this remains a sophisticated theoretical interpretation of internationalism at the end of the century and seeks to bridge some gaps. Most usefully, it seeks to establish the linkages between democratic peace theory and internationalism.

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Security Communities. **Edited by Emanuel Adler and Michael Barnett.** Cambridge: Cambridge University Press, 1998. 462pp.

Security Communities is the most recent example of what might be called the growing "back to the future" trend in international relations (IR) theory: the determination on the part of some scholars to rummage on the dustier shelves of international relations and sociology in search of fresh ways to think about and explain contemporary global politics.

Emanuel Adler and Michael Barnett's 462 page volume has as its central task the "resuscitation" of the concept of security communities, pioneered by Karl Deutsch and his colleagues in the 1950s (p. 5). Deutsch's attention to the processes of communication, "we-feeling" and shared identity has always made his work a likely source of inspiration for sociologically-inclined IR scholarship. But *Security Communities* should not be mistaken for old wine in new bottles. By blending Deutsch's insights with ideas from constructivist international relations theory, Adler and Barnett advance a novel and highly flexible analytical framework not only capable of considering the conditions under which pacific communities might emerge, but also providing "an alternative look at regional interactions and their relationship to security practices" (p. 6).

In two elegantly written introductory chapters, the editors present a framework for critically examining community formation in international politics. Without claiming that there is a single pathway to the development of a security community, they offer "one conceptualization of the mechanisms and conditions by which security communities develop" (p. 49). This approach falls into three distinct phases: nascent, ascendant, and mature security communities, with the last most closely corresponding with Deutsch's use of the term. Mature security communities can be further distinguished between "tight" and "loose" groupings of states, depending on the degree of supranationalism evident.

Adler and Barnett eschew Deutsch's fixation with "transactions" as an indicator of regional integration, instead relying on constructivist claims about the role of norms and socialization in collective identity formation. While stressing the importance of power and threats among several conditions that can "trigger" security communities, they devote equal space to the inter-subjective structure of international life, the shared meanings that can facilitate social learning, and the development of mutual trust and identity.

The core of the book comprises eight case studies which view a range of regional and state security practices through the revised Deutschian lens. While Deutsch's original preoccupation was with the

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North Atlantic, *Security Communities* is happily less Eurocentric. Apart from the essays on Western Europe and the OSCE, the book includes chapters on the Persian Gulf states, South America, U.S.–Canadian and U.S.–Mexican relations, among others. Of perhaps greatest interest to the readers of this journal, however, may be Amitav Acharya's analysis of ASEAN, and Richard Higgott and Kim Richard Nossal's co-authored essay on Australia.

One of the great strengths of Adler and Barnett's approach is that it regards a security community as an ongoing evolutionary process rather than simply an end-point. This opens the way for the consideration of regions (such as the Southern Cone and ASEAN) that may be developing dependably pacific inter-state relations, but which do not yet exhibit all the requisite qualities for a security community spelled out by Deutsch. Furthermore, as Higgott and Nossal's chapter illustrates, the flexibility of the approach means that it can even be used to explore how a single state, in their case Australia, has consciously sought to relocate itself *vis-à-vis* its neighbours.

Their study begins with the reminder that physical propinquity is not a necessary condition for the building of a security community. Australia has always had to deal with the insecurity inherent in the "tyranny of distance" that has historically separated it from its chosen protectors in London and Washington. But few countries have been as racked by the tensions between history and geography as Australia. Higgott and Nossal paint a vivid picture of the country's search for its strategic identity, torn between its traditional security ties to the West and a growing desire to "be at home" in the Asia-Pacific.

The authors trace the source of the tension in Australian security policy to its post-war beginnings: the "we-feeling" that held the ANZUS alliance together also confirmed the "otherness" of Australia's Asian neighbours. Their history of the ANZUS dispute might be a little off the mark (New Zealanders may be surprised to learn that the 1984 Labour government's anti-nuclear policy was "largely in response" to the bombing of the Greenpeace ship *Rainbow Warrior*), but Higgott and Nossal ably capture the growing Australian sense of frustration with U.S. trade policy in the 1980s and the spirit of republican nationalism that led the Hawke and Keating governments to assiduously pursue their "push into Asia."

The resulting strategic schizophrenia that wants Australia to be a part "of Asia" while also defending against it, says something about the limitations inherent in an élite-driven redefinition of national identity. In their introduction, Adler and Barnett stress the importance of "creative and far-sighted political elites" (p. 43) in building community, but the Australian case seems a powerful reminder that in

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a democracy at least, you also need to take the people along with you. Higgott and Nossal conclude that an Australian–Southeast Asian security community will continue to remain out of reach, if only because at the grass-roots level, there has not been any change in identity. "Australia's neighbours in Asia and most ordinary Australians... continue to be unwilling to embrace that sense of 'we-feeling'... so important for the development of community" (p. 288).

Unlike Australia's relations with its near neighbours, Southeast Asia has been able to develop a sense of collective identity. This is despite the fact that ASEAN, as Acharya notes, does not at first look much like a traditional security community. Illiberal, extraordinarily diverse, and with a low level of intra-regional transactions, ASEAN's creation challenged many of the key assumptions of Deutsch's work. How then can we explain the fact that its members have not gone to war since its formation in 1967? Acharya's conclusion, informed by the work of Benedict Anderson as well as Deutsch, is that ASEAN is an "imagined regional community". Its collective identity has been forged through a "highly deliberate process of elite socialisation involving the creation of norms, principles, and symbols aimed at the management of diversity and the development of substantive regional cooperation" (p. 207). These include a shared ideology of developmentalism, the practice of multilateralism, and a regional code of conduct (the "ASEAN way"). Shared values are important in community building, Acharya argues, but they need not be liberal-democratic values.

This extension of the security community model to the developing world, liberating it from its traditional focus on liberal polities, is particularly welcome. But ASEAN's leaders should temper any self-congratulation by noting that Acharya only considers ASEAN to be a nascent security community (what he has called a "security regime" elsewhere) and even this limited sense of community has been sorely tested by the recent economic and political crises in the region. Similarly, if Guadalupe Gonzalez and Stephen Haggard's analysis of the U.S.–Mexico relationship in the volume has any wider application, it suggests that without more democratization, it may be difficult for ASEAN to achieve "deeper regionalism" and greater levels of trust between its members.

Despite the diversity of the case-studies under consideration, *Security Communities* is a coherent and extremely well-argued volume. It is not without its flaws, however: the authors offer little by way of explanation for how "loose" security communities evolve into more complex "tight" institutions like the European Union. Nor do they offer any discussion of the conditions under which security communities might break down, something that would have been especially

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timely, given the conflict in the former Yugoslavia, until relatively recently an amalgamated security community of sorts. Students of Asia-Pacific security will also bemoan the absence of a U.S.–Japan case study — surely one of the more important and interesting contemporary examples of a security community? But no single volume can cover everything and as the editors note in their concluding chapter, this book only represents the first step towards a constructivist research programme on security communities. As such, it lays down solid foundations for others to build upon.

Security Communities is a timely and thoughtful piece of work which will be of interest to scholars not just of security studies, but also of regionalism, institution-building and IR theory. It marks another important step in the building of an empirically grounded constructivist challenge to the neo-realist/neo-liberal dominance of security studies and regionalism. Students of Asia-Pacific security will surely have much to offer the research programme that eventually emerges.

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Vietnam: The Incomplete Transformation. **By Peter Wolff.** German Development Institute Book Series No.12. Berlin, London: Frank Cass Publishers, 1999. 137pp.

These days, a likely consensus among Vietnam watchers would be that nothing much is going on in the country by way of economic reforms. The international media also deliver a similar message about policy inertia. Some ten years after impressing the world with an initial zeal for market reforms, the socialist regime in Hanoi shows signs of losing its ideological nerves and is finding ways to cling on to the state's costly and inefficient domination over the economy. Policy vacillation, administrative red-tape, and corruption at many levels of the bureaucracy have made foreign investors tire of Vietnam. Many have pulled out and the euphoria over Vietnam as Asia's most likely new tiger economy is over. Vietnam's political élite has not yet found a way out of this dilemma. This is the "incomplete transformation" in the title of Wolff's book.

What went wrong? Wolff's book sets out to answer this fascinating and important question. His explication of the stalled reforms is

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essentially a painting in broad brushstrokes. Individual chapters deal with the respective topics on the financial sector, state-owned versus private enterprises, environmental issues and sustainable development, poverty alleviation particularly in the rural areas, and the role of foreign investments and international organizations like the World Bank and the International Monetary Fund (IMF). With so much ground to cover over a mere 129 pages of text (not including bibliographic references), the resulting account is, not surprisingly, a concise one.

But the virtue of this book is that the big picture it presents comes with a certain commitment to details even when purveying so general a treatment of such a large and complex subject. For each key area that it ventures into, a tight summary is provided of the nuts and bolts of the issue, usually organized into a crisply functional structure aimed at laying out the bare details of what is not functioning within the reform process.

But as with any attempt at brevity, those looking for a more substantive engagement with the topic may have cause to be disappointed. Occasionally, you will find a statement that cries out for an appropriate reference or some illustrative case studies. For example, Wolff recommends on p. 92: "The strengthening of the private sector should begin primarily with medium-sized enterprises that are potentially capable of adapting modern technologies and producing for export." Who are these medium-sized enterprises? What do they produce? Because the empirical examples are lacking, the book's recommendation risks sounding like much stock advice being dished out to developing economies; not unsound, but not acutely relevant either.

Then there are some spots where readers may find Wolff's unexplained assumptions exasperating. For example, on p. 54: "It can be assumed, however, that the gradual expansion of the Agribanks' small loan business was enough to reduce informal financing". A conscientious reader who bothers to go back through the preceding two pages which talks about Agribank credit will still be none the wiser as to how Wolff arrives at this assumption. On the contrary, Wolff's narrative seems to point to Agribank's inadequacy as a source of credit rather than its ability to reduce informal financing.

Here and there, the book has gems of observation but if only the writer had taken them forward. For instance, on p. 105, Wolff points to a political dilemma that Vietnam's leadership confronts — how to balance the need to invest in manufacturing to raise macroeconomic productivity against the need to invest in the rural sector which will lower the macroeconomic productivity. For those seeking a deeper understanding of the political dynamics behind economic reforms, many

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pertinent questions would follow such an interesting observation; chief among them would be how these issues are sorted out at the political level. The key to understanding why reforms have stalled would surely lie in knowing more about how political forces shape contending priorities of development. In particular, a book that deals with the big questions of political economy should engage the issue of the continuing role of the Communist Party. This book, like so many others written about Vietnam, tends to be overly engrossed with just the governmental machinery and the legislation which, in the final analysis, are subordinate to party decree or fiat. Unfortunately, Wolff did not pause to address these issues, choosing instead to move on to more fleeting snapshots of rural development indices.

To be fair, a book that looks at élite politics and system dynamics in contemporary Vietnam with some depth and accompanied by reliable details has yet to be written. So little is known about the post-1996 Eighth Party Congress generation of top leaders and office-bearers and their inter-dynamics. What Vietnam watchers have, up till this point, are the rumours on the Hanoi grapevine as and when they are picked up by the foreign media. Wolff's work does not seem like a book that could go anywhere beyond that kind of anecdotal hearsay of conservatives versus liberals within the establishment. It draws much of its data from World Bank reports, academic works and, in all likelihood, media reports. Nowhere does the author give any indication of primary data collected during field trips. That does not necessarily make the book bad or invalid but the writer's use of sources helps us to see the publication for what it is. It reads more like a good collating effort, the sum wisdom of what the World Bank, international agencies and the media have been saying about Vietnam over the past five years.

With so much cramped into this little book, the thrust of its arguments can end up being more diffused than integrated. Here a lack of political will was alluded to; there ineffectual legislation was the major contention. This also renders the book a task to read because the reader's mind has to be very focused to keep track of the range of issues raised by the author. If there is any singular theme to the range of details, it may be Wolff's obvious partiality for the private sector as the panacea for many of Vietnam's current economic problems. This dovetails with a current international *zeitgeist* that preaches the desirability of business run on market principles by private rather than state interest as far as possible. Depending on your own perspective, you may or may not agree with this, but Wolff's book is not the best place to find a debate on such fundamental issues.

At the risk of sounding like an oxymoron, Wolff's work is a "detailed summary" of the current situation in Vietnam's economic reforms. It

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will be useful for assorted people who need to educate themselves in the quickest possible way about Vietnam's retarded economic reforms (for example, students and business executives). But for those who seek a deeper understanding of the malaise, the answers are frequently not there or not to a sufficient degree. Given its scale and the range of issues it attempts to cover, the compressed nature of the work does not come as a surprise. Still, seasoned Vietnam watchers will have cause to value a book like this. Ten years from now, if you want a quick checklist of Vietnam's economic problems in the latter half of the 1990s, this will be a valuable book to have around.

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REVIEW

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East Asia: Prospects for the New Decade

PETER W. PRESTON

An analysis of contemporary dynamics of change within East Asia, cast in terms of the resources of the classical European tradition of social theorizing, suggests that three intermeshing logics of change are shaping the fundamental structural underpinnings of current events: the long-established drive for industrial-capitalist modernity, the now familiar concern for regional interchanges and the very recent unexpected episode of the Asian financial crisis. Developments within the region will involve, crucially: (a) Japan, where one can expect few novel initiatives; (b) China, where one might expect processes of reform to continue; (c) the NIEs, where there is likely to be deepening interest in the region; and (d) the ASEAN states, where there would probably be a greater concern for developments within the wider East Asian region. Overall, the regional states are likely to continue to develop in line with specific historically established logics of change.

Introduction

It can be argued that there are diverse ways in which the social world might be constituted, and if we grant this point then there are two immediate consequences. First, the global system which we inhabit is given to us in terms of the conceptual machineries which we deploy (we have no direct, unequivocal access to "reality"), and this being the case, we can assert that a necessary condition of scholarship is reflexive embedding in the processes which theorizing would grasp. Put another way, we have to make clear where we stand and for whom we argue

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(and in the author's case, the approach adopted derives from the classical European tradition of social theory). Secondly, it is appropriate to acknowledge that the global system is home to diverse forms of life. It is in the light of these broad intellectual commitments that this article will consider how theorists working within or with reference to the classical European tradition of social theorizing should read and react to recent changes within the global system, and how they relate to likely patterns of change in East Asia over the next decade.

The classical European tradition of social theorizing can be characterized in terms of its historical occasion, substantive preoccupations, and formal character. The historical occasion can be found in late eighteenth and early nineteenth century concerns of intellectuals to grasp self-consciously the patterns of change enfolding and running through the societies in which they inhabited; in brief, to theorize the process, in historical sociological terms, of the "shift to the modern world".[1] In substantive terms, the central preoccupation is with the analysis of complex change, that is, the ways in which various agent groups have read and reacted to enfolding structural circumstances in the uneven and episodic historical process of the ongoing construction of the modern world of industrial-capitalism (in all its diverse forms). The formal character of the classical European tradition is interpretive,[2] critical[3] and dialogic.[4] And, finally, it can be compared with more familiar contemporary ways in which the nature and role of the social sciences is understood; thus, the preference for a spread of restricted technical professional disciplinary spheres oriented to the knowledge of the market-place is rejected in favour of routinely inter-disciplinary work oriented to the encouragement of discourse within the public sphere.[5]

The tradition is quite diverse.[6] There are a variety of national traditions in Europe and each has had its own preoccupations and typical relations with the central axes of social power in the state, market, and polity. It would also be true to say that the years following the end of World War II saw a period when the influence of the United States was strong. However, the strength of that particular influence waned with the emergence of political and intellectual confusions within the United States in the decade of the 1960s. A series of recent restatements of the concerns of the tradition can be identified, but at the present time the long established interest of the classical European tradition in the analysis of complex change has found a new influential expression in the work of critical international political economy.[7] It is these materials which might usefully be deployed to analyse the current situation within East Asia. It is in the particular specific logics of the exchanges between structures and agents that we will find the outlines

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of those élite political-cultural projects which will guide countries of East Asia into the future.

Recent Patterns of Change in the Global System

A series of recent and ongoing changes within the global system can be identified. These changes have shaped recent social scientific debates. Firstly, the very sharp reforms in the socialist states of Central and Eastern Europe (1989–91) not only ushered in a period of rapid change in those territories (and throughout Europe) but also radically undermined the familiar Cold War world of Western scholars and commentators. It was this sea-change in the ways of reading the global system which led to an interest in the nature of regions within the global system. The earliest area of interest for Europeans was the political-cultural project of the European Union (1985/1991/1999).[8] Thereafter, the sequence of broadly integrative changes in East Asia (1978/1985/1991) was noted.[9] The third area of concern has been the relative decline of the United States.[10]

The Collapse of the Political-Cultural Project of State-Socialism in Eastern Europe

The debate in respect of the largely unanticipated collapse of the USSR and the Eastern bloc has produced a series of interlinked lines of explanation citing, in particular, economic stagnation, political stasis, and historical accident. First, in respect of economics, it has been suggested that the Soviet system became economically stagnant and unable to meet the aspirations of its population, and this structural circumstance was the fundamental occasion of collapse. The primary product exports to Europe of oil and gas merely disguised the poor state of the Soviet economy. Relatedly, the burden upon the Soviet system of the Cold War arms race with the United States and its allies was significant (for example, the Co-ordinating Committee for Multilateral Export Controls [COCOM] regulations blocked Soviet access to Western technology). Secondly, with respect to politics, the Soviet system became politically moribund and experienced a legitimation/motivation crisis such that the political classes were unable to formulate appropriate plans to deal with what were perfectly soluble problems. If this argument is cast in terms of the analytical machineries of international political economy, with its concern for the ways in which agent groups respond to enfolding structural circumstances in order to fashion political-cultural projects oriented to the future, then it can be argued that the élite political groups within the USSR were unable to grasp the need for either economic or political reform, thereby

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leaving in place an outmoded system comprising an unresponsive hierarchical political machinery, an inefficient centralized economy, and a bloated military machine. Thirdly, with respect to historical accident, whilst the demise of the Soviet system was shaped by structural circumstances, the actual path of events was influenced by a series of accidental developments: (a) the over-optimism of the Gorbachev *perestroika* (restructuring) initiative, where the goal of spontaneously secured rational debate only led to political confusion and breakdown; (b) the revolutions in Central Europe which undermined the Soviet system economically, as established trading partners turned to the West, and politically, as the ambitions of modest domestic reforms were dramatically overtaken in scope by the sweeping democratizations undertaken by the former East bloc states; and, (c) the chaotic, directionless and corrupt rule of Boris Yeltsin in Russia.

The implications of the collapse of the project on state-socialism for Western patterns of political understanding have been quite profound. The Manichaean simplicities of Cold War rhetoric have fallen away, leaving space for new thinking. An early expression of the expectation of new initiatives was talk of the "peace dividend" (where expectations focused on both the political possibilities of new initiatives, for example, co-operation in Europe, and the economic possibilities as defence budgets were cut, releasing money for alternative expenditures). But the implications have run deeper. Thus, in the Western European countries, there has been a political-cultural turn away from Washington towards Brussels as the project of the European Union has come to the fore. In a related fashion, the countries of Eastern and Central Europe have cast their aspirations for the future in terms of the notion of a "return to Europe".[11]

There have been some popular views in the West, and thus the related set of claims to the effect that the West "won" the Cold War (routinely heard from conservative politicians, and more mutedly from socialists), and that the ethico-political end of history has been attained in the guise of Western liberal-market systems[12] (ideas expressed cogently by Francis Fukuyama[13] and, more sloppily by the vast array of globalization theorists[14]). The former reaction need not detain us, but the latter is more interesting as it bears upon a developing debate in respect of the fundamental nature of the global system. The "end of history" theorists, whose arguments centre, one way or another, upon the political philosophical tenets of liberalism, argue directly that the pattern of life found in the West is now pre-eminent and that other political and economic systems must (and will) converge upon the universal model evidenced in Western practice. The proponents of

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"globalization" have essentially the same argument but prefer to operate in a broad descriptive fashion which tends to obscure the political heart of their analysis. However, against the convergence theorists, it is possible to make two points: first, that liberalism is not the only political philosophy available within the Western sphere, and that notwithstanding its centrality within the "Anglo-American"[15] world, the notion of democracy is available within the classical European tradition of social theorizing. Secondly, that it is perfectly possible to run arguments which point not to the emergence of a single model of industrial-capitalism but instead to a variety of forms, where each is the product of a particular (and ongoing) historical movement towards the modern world.

The European Union (1985/1991/1999)

The political-cultural project of the European Union is, in essence, an aspiration to the construction of an integrated economic, social, cultural, and political entity. The political and ethical basis of the project can be found in the reaction of European élites to the twin disasters of the Great War and World War II. However, this domestic European aspiration was submerged under the wider American agenda of Cold War containment and the pursuit of an open liberal trading sphere. Later, as the Cold War faded in Europe, eventually ending both abruptly and breathtakingly in the fall of the Berlin Wall in November 1989, the European Union emerged as the only political-cultural project up and running within the continent.

In the post-World War II period, the peoples, organizations, and government machineries of Europe understood themselves within the overall framework of Cold War bipolarity. The East was ordered according to the tenets of Soviet-state socialism and became an autarkic region within the global system. The West was ordered at the macro-structural level in terms of the ideas, institutions and power relationships established by the Bretton Woods agreement which made the United States the core economy of an open liberal trading region. The West experienced a long period of unprecedented economic prosperity. However, as the post-World War II settlement began to weaken following the economic and political confusions of the early 1970s, the countries of Europe moved to adjust to the new circumstances. The countries of Western Europe slowly moved towards a closer union, and found an available mechanism in the guise of the European Community (EC), itself a successor of the European Economic Community (EEC) which had been founded in the early 1950s. These ideas and institutional mechanisms were in place when the extent of global and regional structural change finally became unequivocally

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clear with the collapse of the USSR at the end of 1991. At Maastricht, the idea of the European Union (EU) moved to the fore, and it is now the overarching political-cultural project around which European political life revolves.

The core of the European Union lies in northwestern Europe. The key political axis in making the Union has been between France and Germany. In Germany, the end of the Cold War meant the end of the division of the country and an unexpected movement to the centre of Europe as the most populous nation with the strongest economy. The commitment of the core countries of the European Union was affirmed in the Maastricht Treaty, and Germany, France, the Netherlands and Belgium maintain a strong pro-Union stance, as does Italy. In recent years, the Scandinavian countries, with the exception of oil-rich Norway, have joined the Union, as has Austria. In Spain, Portugal and Greece, the European Union has been the institutional space within which post-military liberal-democratic regimes have developed.[16] In a similar way, the newly independent countries of Central Europe have announced their intentions of joining the EU, a matter, as they express it, of a "return to Europe". A core group of European Union countries established a common currency in January 1999, and it is anticipated that in time all the EU states will join the system. It is likely that the circulation of the euro will further strengthen the drive for unification. Overall, the project of European unification, begun in the wake of World War II, shows no sign of faltering and, notwithstanding tensions and confusions, the established institutional machineries look set to provide the vehicle for a distinctive European region.

The Integrative Changes in East Asia (1978/1985/1991)

The end of the Cold War has had one remarkable consequence for Western observers in that as the obfuscations of the period fell away, leaving politicians, policy analysts, and scholars free to contemplate the world anew, it became apparent that East Asia, hitherto regarded as one of the arenas of Cold War competition, had been undergoing a long drawn-out process of macro-regional integration.

The notion of a "region" is not straightforward. In terms of the classical European tradition, a region is constituted in the historically unfolding interplay of political-economic, social-institutional and cultural structures and the ways in which these are read by key agent groups. In the years prior to the arrival of the West, the East Asian region had an economic, social, and cultural core in China. As A. G. Frank has recently argued,[17] the Sino-centric system was a prosperous civilization, and it was not until the rulers of the late Ming dynasty turned inwards in the mid-fourteenth century that the Western powers

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had the opportunity to gain a real foothold in the area. The expansion of Western capitalism — initially mercantile and later industrial — extensively remade the forms-of-life of the region, and it was in the context of the ongoing exchange with the Western colonizers that the various territories of East Asia began their shift into the modern world. The Pacific War destroyed the Western empires in East Asia, and the states of the region were able to pursue objectives of growth and development under the guidance of indigenous élites; these national projects were eventually to generate regional linkages.[18]

In East Asia, it is possible to identify a series of key episodes during the long years following the end of the Pacific War which have, in broad terms, facilitated the establishment of a measure of regional integration: first, the decision of the Chinese leadership, under Deng Xiaoping, to initiate economic reforms and engage with the wider regional/global economy; secondly, the deepening Japanese economic involvement within the region following the agreed revaluation of the yen; and thirdly, the political-cultural and security implications of the dissolution of the USSR. Overall, it can be argued that in East Asia, at the present time, the keys to economic integration can be found in the twin circuits of Japanese (and NIE) capital, on the one hand, and Chinese capital (Greater China and the Overseas Chinese), on the other. These patterns of economic interchange are paralleled by the strengthening social networks of political leaders, business élites, and the dense pattern of informal contacts found in leisure and tourism. Thereafter, in a multiplicity of regional fora, East Asian élites meet to discuss common concerns. It would be wrong to overstate the extent of the macro-regional integration but the outlines of an integrated East Asian region are visible.[19]

The Relative Decline of the United States

The United States is in slow decline within the global system. At the present time, domestic U.S. public discourse is shaped by the ideology of Americanism,[20] and the related idea of the "free world".[21] In the U.S. domestic sphere, politics has moved away from the post-war preference for dispersed state intervention in pursuit of a unified community, the declining legacy of the New Deal, towards a market-centred expressive consumerism. In the international sphere, the end of the twentieth century[22] has seen the United States continuing to press for an open global trading system, a continuation and broadening of the original Cold War project of the "free world".

In the years following the end of World War II, the United States attained an extraordinary economic, military, and cultural pre-eminence. The American project advanced rapidly, both domestically

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and internationally, in which a key institutional vehicle was the machinery of the Bretton Woods system, including the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (the World Bank), and the General Agreement on Tariffs and Trade (GATT). The system included fixed exchange rates and was underpinned by the role and dominance of the U.S. dollar. However, the economic consequences of the American war in Vietnam meant that the U.S. economy could not sustain its position in the early 1970s. The system of fixed exchange rates ended in 1971 and, thereafter, the political-cultural project embedded within the Bretton Woods institutions drifted towards a market-liberal position.

The 1970s and 1980s saw the rise of the New Right. The core of their position was an emphatic market liberalism which advocated domestic reforms (in favour of restricting welfare expenditures and encouraging market activity), and international action (to foster deregulation, liberalization, and the expansion of liberal-democratic market-based systems). The machinery of the Bretton Woods system was slowly changed to a new, more emphatically market-liberal project. The Washington-based IMF and the World Bank were important vehicles for disseminating these new market-liberal ideas. However, by the late 1980s the United States had economic and political competitors in both East Asia and Europe.

In the 1990s, the U.S. economy grew rapidly, but its earlier pre-eminence, indeed dominance, began to decline. The global system is now tripolar — the United States, the EU, and East Asia.[23] The exposure of the United States to the flows of power within the global system is now significantly higher than at earlier periods in the country's history. The United States is now the core economy of one of the three regions within the world system. The post-Cold War period has seen a shift in U.S. policy-thinking from geo-strategy to geo-economics. The aspiration of the United States is to maintain a market-liberal trading system, but this project cannot now be imposed upon the other two key regions within the global system.[24]

The Implications of these Changes

These changes have generated a number of debates. The substantive question of the nature of the global system has been confidently answered by proponents of the mainstream — that is, market-liberal capitalism has triumphed. At the same time, a formal question in respect of the scope and limits of social theorizing has been raised. It would seem that if we reject the unitary world of the optimistic orthodoxy then we are left with the task of the piecemeal dialogic elucidation of the dynamics of change in the ongoing shift to the modern world (and maybe, presently, within a tripolar global system).

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The result of these debates, as far as one can see, is that the familiar world of capitalism in conflict with socialism has given way to a more awkward vision of how the global system might be characterized. The proponents of globalization (and the related notions of post-modernity and the ethico-political end of history) are seemingly in error. Rather, we confront a nascent tripolar global system whose individual regional logics and intra-regional dynamics are not at all clear. It is to these difficult debates that we now turn.

Debates about Forms of Economic Life

The recent pattern of changes within the global system has been the subject of much debate. In order to secure a preliminary grasp of these debates, we can speak of the following:

- the mainstream market-liberal (Anglo-American[25]) debate;
- a critical/structural European alternative to the mainstream; and,
- a series of alternative ways of theorizing which make reference to political, intellectual, and cultural traditions other than those of the West.

The Mainstream Market-liberal View

The orthodox market-liberal explanation of the recent pattern of changes in the global system would be cast in terms of the fortuitous removal of a variety of social, cultural, and political inhibitions to the proper functioning of market-liberal systems such that countries which had been misdirected by wrong-headed political élites could resume the process of modernization. That would, in due course, see these countries recapitulate the historical experience of the West in order to reach the stage of high mass consumption presently enjoyed by the richest and most successful country in the world, the United States (recall Walt Rostow's work[26]).

The work of the market-liberals is a complex political package. The theorists of market-liberalism affirm the central role of the free market. An overarching claim is made that "free markets" (that is, liberal markets) maximize human welfare and this, in turn, is conveyed as a series of interlinked claims: (a) economically, the claim is that as free markets act efficiently to distribute knowledge and resources around the economic system, then material welfare will be maximized; (b) socially, the claim is that as action and responsibility for action reside with the individual, then liberal individualistic social systems will ensure that moral worth is maximized; (c) politically, the claim is that as liberalism offers a balanced solution to problems of deploying, distributing and controlling power, then liberal polities ensure that

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political freedom is maximized; and, (d) epistemologically,[27] the claim is that as the whole package is grounded in genuine positive scientific knowledge, then in such systems the effective deployment of positive knowledge is maximized.[28]

When the political project of market-liberalism is spelled out, it is clear that it is quite familiar. It is also clear that all these interlinked claims can be refuted.[29] The political philosophical tradition of liberalism has a distinguished pedigree, but, self-evidently, it is only one political philosophical tradition among many.[30]

The Critical/Structural View

The critical/structural European tradition explanations of the recent patterns of change in the global system would be cast in terms of an episode of (relatively) abrupt political-cultural change, revealing the accumulated effects of longer patterns of structural change. Thus, the rhetoric of Cold War bipolarity is taken to have obscured the extent to which the global economy was forming into three macro-regions, each of which evidenced a particular variety of industrial-capitalism. These theorists suggest that the end of the Cold War is not nearly as interesting as the emergence of varieties of industrial-capitalism.

The European tradition approach revolves around the emancipatory analysis of the dynamics of complex change in the process of the ongoing shift to the modern world. The substantive analyses which are pursued look at the historical development of the distinctive political-economic, social-institutional and cultural structures which are the vehicles of particular forms of life. It is the case that these analytical strategies can be deployed at a variety of levels (sub-national, national, and regional), but as the shift to the modern world has been widely accomplished in the context of the formation of nation-states, it is this particular level of analysis that has been most prominent. The approach (deployed at this level) suggests that the history of the modern period can be conceived in terms of a diversity of discrete "routes to the modern world".[31]

It is possible to identify, schematically, two variants of this general approach: one which speaks simply of three varieties of industrial-capitalism (present in the three macro-regions of East Asia, Europe and the United States[32]); and a more sophisticated version which grants that there has been, and is, a large variety of still unfolding routes to the modern world, where each is the expression of élite-ordered responses to the changing structural circumstances within which they operate.

Alternative Lines of Thinking

There are other ways of grasping the business of change which locate themselves within the polities, intellectual traditions and cultures of

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East Asia, Africa, and Latin America.[33] Illustratively, one might point to the ways in which East Asian scholars have grasped the shift to the modern world of their own communities in an exchange with the West dating from the nineteenth century — in particular, China[34] and Japan.[35] In a similar fashion, one might point to the Islamic resources of North Africa and the more dispersed traditions of sub-Saharan Africa in their long exchange with the West. Often, these exchanges run in two directions, and in the case of Latin America, the locally theorized explanation of continuing subordination, articulated in dependency theory, returned to the West in the guise of the influential English language writings of A. G. Frank. However, it is clear that theorists working within these traditions must speak for themselves. Nonetheless, a few general points can be made:

- the dynamism of the industrial-capitalism "invented" in Europe and disseminated around the planet is such that all countries must perforce make reference to the logic of this form of life (that is, as Gellner would put it, debate necessarily revolves around the business of "becoming and being modern"[36]);
- the dynamism of the system of industrial-capitalism finds expression in routine practice, that is, in the ways in which economies, societies, and culture have and do organize themselves: in other words, there is no single model; rather, there are necessarily many versions depending upon the ways in which countries have moved into the modern world; and,
- these diverse historical experiences and consequent novel existing patterns are the basis for contributions to contemporary international debates about ordering the global economic system.

A Tentative Conclusion in Respect of the Diversity of Forms of Economic Life

The spread of recent changes within the global system has been read by the orthodoxy in terms of the fortuitous recovery of the possibility of establishing market-liberal systems. The proponents of market-liberalism claim that the liberal-market allows the fullest expression of certain fundamental characteristics of humankind, that is, the rational-calculative pursuit of the means to satisfy deep-seated needs. The proponents of market-liberalism lodge a related claim that their orthodox economics both grasps this inherent logic accurately and does so with the reliability of a natural science. Yet, it can be argued that both the ontology and epistemology are untenable. The claims to a universal scientifically grounded model are simply an uncritically affirmed "local model".[37]

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Against the orthodoxy, it can be argued from the classical European tradition that any form of economic life will be lodged within the structures of a wider form of life. To put it another way, economies are lodged within societies which, in turn, are lodged within cultures and in turn are understood and ordered with reference to particular intellectual traditions. In this way, it is possible to speak, first at a micro-level, of a variety of economic forms of life (the realm of economic anthropology); and secondly, at a macro-level, of different types of economy and society (for example, the distinctions between "plan-rational", "plan-ideological", "market-rational", and "market-ideological" proposed by R. P. Appelbaum[38]); or thirdly, at the still larger scale of different regions. At this point, we can turn to an analysis of logics of change within contemporary East Asia.

Speculations in Respect of Contemporary Change in East Asia

The current situation in East Asia can be analysed in terms of three broad timescales[39] — modernity, regionalism, and crisis — where each embraces a distinctive logic of change. First, there is the post-imperialist and Cold War phase, which can be dated from the end of the Pacific War, which has seen the shift to the modern world in East Asia (initially achieved via the irruption of Western industrial capitalism and the construction of colonial systems) consolidated (in the form of a series of prosperous new nation-states) under the direction of Asian élites during a long period of economic advance and Cold War competition among the great powers. Secondly, there is the post-Cold War phase, which has seen the slow, partial, and incomplete dismantling of the East Asian system of blocs (where relevant dates would be 1978, 1985 and 1989/91), such that East Asia has experienced some inter-regional integration and intra-regional identification (in other words, the emergence of something that looks like an East Asian region). Thirdly, we have had the recent episode of the Asian financial crisis, whose implications for the region, the global system, and European tradition of social theorizing are still emerging.

In this section we will consider the current situation of East Asia in terms of the logic of change in four areas: Japan, China, the NIEs, and the ASEAN states. A final area of concern relates to the changing global system and its interactions with East Asia.

Japan: Crisis, Disputed Understandings and Readjustment

The three timescales noted above have found recent acknowledgement in renewed debates about the fundamental nature of the Japanese political-economic, social-institutional, and cultural structures, and the country's position within wider regional and global systems.

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In respect of the nature of the domestic situation within Japan, it is possible to point to two broad positions. The first is the mainstream view, which argues that as the logic of economic activity is universal, and best exemplified in a U.S.-style competitive market-liberal system, then the sooner the Japanese economy is reordered in line with the tenets of deregulation and liberalization the better for both Japanese consumers and the country's trading partners. The second position is the structural/historical view, which argues that as the economic, social, and cultural logic prevailing within a country are products of long-term historical trajectories, it is appropriate to note that the economy, society, and culture of Japan has been developed over the modern period within the context of an élite political-cultural project oriented to national growth and security.

Thereafter, the proponents of the former position speak of two great episodes of reform within Japan: the Meiji Restoration, and the SCAP[40] reforms. A third phase of reform has been mooted — that is, the reforms required by the recession of the 1990s coupled with the shock of the onset in 1997 of the Asian financial crisis.[41] Yet, in sharp contrast, the proponents of the second position speak of a deep-seated continuity within the Japanese political economy.[42] The roots of Japanese modernity are traced back to the commercialization of Edo-period Japan which, thereafter, modulated into the emphatic concern for growth and security which marked the Meiji Restoration. So far as these theorists are concerned, the political-economic, social-institutional and cultural structures of contemporary Japan were given their characteristic form in this early modern period. The subsequent history is one of great success. Sheridan argues that there is no particular reason for the Japanese to abandon styles of working which have served them well.[43]

Overall, it seems that the balance of debate favours the latter group. One might therefore follow Taggart-Murphy, concerning the business of organizing economic recovery, who argues that the Japanese bureaucrats will continue to "muddle through".[44] More broadly, one would expect Japanese policy-makers to continue to advance their concern for growth and security, and in this case we might look to four particular issues: their economic role within East Asia (where they are the regional core economy in terms of gross output, trade, aid, and foreign direct investment, and technological sophistication); their cultural role within East Asia, where the influence of Japanese popular culture in consumption is growing;[45] their political/diplomatic role within the region (where the legacy of the Pacific War has, so to say, displaced their diplomatic activities, which now find indirect expression within the structures of the United Nations,[46] and some regional bodies[47]); and their economic, security, and political relationship with the United States (which is both important, awkward,

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and increasingly subject to change, and furthermore, where any change could have important regional implications[48]).

China's Opening to the Global System

The logic of change, marked in terms of the three timescales noted above, finds a different expression in the case of China. The overall political stability established in China in 1949 continues, notwithstanding commentators who look to the increasing influence of regions within the country. It is also clear that the market-oriented reforms established in 1978 by Deng Xiaoping continue to move forward, despite significant problems (rural-urban migration, corruption, the problems of reforming the state-owned enterprise sector, and the problems of legitimacy presently experienced by the state/party). It is in the intersection of these two timescales that we can consider the present situation of China. What is quite clear is that the Asian financial crisis, the third timescale, did not impact significantly upon China.

China's economic advance continues apace. The economy is now one of the largest national economies in the world. A familiar spread of issues surrounding rapid economic growth might be noted: first, the policies necessary to ensure sustained growth within countries; secondly, the requirement to attend to the negative consequences of growth (migration, inequality, corruption); thirdly, the development of trade linkages within the sphere of Greater China (thus, it should be noted that there are burgeoning and powerful economies in Hong Kong, Taiwan, and among the Overseas Chinese); fourthly, the relationship between Chinese and Japanese capital within the region; and fifthly, the implications of the Asian financial crisis and the WTO-associated drive for trade liberalization are of continuing concern. Thereafter, in the social sphere, the employment and welfare consequences of economic growth in China present acute challenges to the present leadership. And in the political sphere there are a complex mix of issues to consider as contemporary national problems (the power of regions and the demands of minorities), the legacies of the Cold War (the issue of Taiwan and a divided Korea), and the novel demands of regionalization and globalization all bear down upon political actors.

Clearly, the dynamics of change within China have implications not only for the Chinese but also for regional and global-system dynamics. The development of relations within the region, that is, among the "Asian Tigers", Japan, and China is of great interest. In Hong Kong, Taiwan, South Korea, and Singapore, many people are relatively affluent and enjoy high levels of consumption. These "Asian Tigers" have made significant investments in China. The development of Sino-

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Japanese relations is crucial to the development of the region.[49] In a similar way, the development of Sino-U.S. relations is critical to the issue of peace and stability in East Asia.

Re-ordering the NIEs

The historical development experience of the four "Asian Tigers", the region's newly industrializing economies (NIEs), — South Korea, Taiwan, Hong Kong and Singapore — have been shaped by the long colonial period (with the territories lodged within, respectively, the Japanese and British empires), and, most particularly, by the post-imperialist and Cold War period when they were favourably treated by the United States in the context of its concern to contain communism. The South Korean and Taiwanese economies benefited directly from U.S. involvement with the provision of aid, reform packages, and access to its consumer markets.[50] The economies of Singapore and Hong Kong grew within the context of the post-war economic "long boom", one as an independent nation-state,[51] and the other with a distinctly anachronistic colonial status.

However, all these economies have found themselves in potentially novel contexts in the wake of the end of the Cold War. The U.S. policy of containment contributed to dividing the East Asian region into two groupings of states: the socialist, centred on China, and the (nominally) free-market, centred on the United States. The U.S. strategic interest in the region found expression not merely in political and diplomatic activity but also in economic and development policy where, to put the matter simply, the United States gave its allies open access to its domestic market in return for their political/strategic support. It is clear that whilst this represented no particular problem for the United States in the 1940s, 1950s, and 1960s, there were signs of economic difficulties in the 1970s. The subsequent decade of the 1980s saw the issue of trade relations, or, more particularly, trade imbalances assume a central importance, with the United States unable to deal with its trade deficit with East Asia and increasingly dependent upon capital from the region. The unhappy debates between the United States and its East Asian allies continued throughout the 1980s and it is difficult to imagine that they will ease in the post-Cold War environment.

It might be argued that these matters have been made more problematical by the uneven impact of the Asian financial crisis where there is evidence that the more East Asian élites were disposed to give credence to the U.S.-sponsored arguments in favour of deregulation and liberalization, the greater was the impact of the crisis.[52] In Singapore and Taiwan, these strong states maintained close control of their economies and both weathered the financial storm relatively

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better than their neighbours. Hong Kong was fortunate to receive the support of Beijing in its struggles with financial speculators. However, in South Korea the financial crisis had a devastating impact upon an economy which had undertaken a measure of deregulation and liberalization, and one result, which might well prove awkward in the future, has been a contested increase in the influence of U.S.-dominated international financial institutions — the International Monetary Fund and the World Bank.[53]

A series of general points can be made: first, commentators have spoken of a shift in U.S. policy orientations from geo-strategy to geo-economics, in which case the extent to which the United States is prepared to tolerate asymmetries in trade relations is now in question; secondly, the recent Asian financial crisis has clearly been used by Washington as a pretext to force "market opening" on the East Asian economies; thirdly, it is also noticeable that the Chinese economy, still not integrated with the circuits of Western capital, was not damaged to any significant degree by the crisis; and fourthly, the differential impact of the crisis in the region can be related to the robustness of the various state machines, with the region's developmental states generally performing well as they adjusted to the demands placed upon them by the unfolding crisis.[54] In this context, if we reject, as seems sensible, the claims of Western convergence theorists, the interesting questions in respect of the NIEs will revolve around their perception of the importance of regional economic networks, the flows of Chinese and Japanese capital, and the extent to which any new political-cultural expectations find expression within regional organizations.

The States of ASEAN

The countries of Southeast Asia have had a common experience in colonial rule, with the exception of Thailand. Indonesia, Malaysia, Singapore, the Philippines, Cambodia and Laos are direct legatees of the colonial era in the sense that they were constituted as nation-state projects in the process of colonization and decolonization (the efforts of colonial rulers and the nationalists they generated). The other countries of the region were similarly shaped by the experience of colonial rule but are able (arguably) to reach back to political patterns antedating the colonial era (thus, the kingdoms of Thailand [never formally colonized], Vietnam, Burma and Brunei). The removal of foreign empires saw domestic élites securing control and pursuing growth and welfare goals (in diverse ways and with differing results). Yet, there have been contradictory processes at work in Southeast Asia. The sub-region saw conflict and confusion in respect of the future among the newly constituted nation-states. In this regard, ASEAN has provided

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both sub-regional security and an institutional mechanism which has served to affirm the identities of these new nations.[55] The sub-region also saw a long drawn-out war in Indochina as the United States endeavoured to secure its objective of containing the "threat of communism" by military means. However, the long years of prosperity within the Western sphere eventually saw all the countries of ASEAN bound into the East Asian region (in particular via links with Japan[56]) and the wider Western sphere (via the role of the United States).

In terms of the trio of timescales (modernity, regionalism, and crisis), we can note two interrelated sets of concerns: the post-Cold War concern among the countries of the sub-region with the development of the wider East Asian region (the advance of China, the wider related issue of security and the important reforms to the "ASEAN way", and more broadly, the role of APEC and the demands of globalization); and the recent dramatic impact of the Asian financial crisis.

In the context of Southeast Asian politics, the emergence of China is a key issue. The four modernizations inaugurated by Deng Xiaoping in 1978 have seen the Chinese economy expand rapidly. China has a growing role within the East Asian region. However, there are problems in China's relationship with the countries of ASEAN, symptomatically, the disinclination of China to deal with the ASEAN countries on a multilateral basis in respect of the putative oil reserves in the area of the South China Sea, claimed by China and bordered directly by Vietnam, the Philippines, and Malaysia. The issue of the relationship of the states of ASEAN with China is made more awkward by the security concerns of those states. China continues to upgrade its armed forces (one of Deng's four modernizations), and the ASEAN states are also investing in advanced weapons systems. A related issue might be noted: the accession of Myanmar into ASEAN occasioned a rethink about the "ASEAN way" of non-interference. Overall, ASEAN now embraces all the countries of Southeast Asia and there are, perhaps, signs that the organization is re-ordering its concerns to meet new challenges.

A key challenge in recent years has been made by the proponents of globalization. The routine demands of the United States have found a particular institutional vehicle in APEC (Asia-Pacific Economic Co-operation). The role of APEC has been problematical for the ASEAN states as the political élites of the region have felt obliged to run with the American agenda whilst simultaneously nursing anxieties about the apparently negative implications for ASEAN. A common formal affirmation seems to have been made to the goal of "open regionalism".[57] However, the APEC project may turn out to be a victim of the recent set-backs to the neo-liberal project of global deregulation,

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liberalization, and free trade, namely, the Asian financial crisis and the WTO (World Trade Organization) debacle in Seattle in November 1999.

It is clear that the Asian financial crisis has had a dramatic impact upon the ASEAN states. There has been economic damage throughout the region. In Thailand, there has been economic retrenchment and social distress. In Malaysia, an independent-minded prime minister has rejected the orthodox Washington consensus model and, through currency controls, secured a measure of economic success by weathering the regional financial crisis. In Indonesia, economic crisis has run over into political crisis. The ASEAN states were not able to respond collectively to the demands of the regional crisis. However, the organization has held together. Again, one might anticipate those states paying more attention to the situation of the wider East Asian region in the future.[58]

The Role of the United States, EU and the Organization of the Global System in the Future of East Asia

The changes within East Asia considered above have been discussed in terms of a trio of intermeshing historical logics (the long drive for modernity, a developing concern for regionalism, and the recent abrupt eruption of systemic crisis). The interplay of these historical logics has shaped domestic national patterns of change and regional change. It is also clear that there is a wider aspect to these logics, one that embraces the broader dynamic of the global system. The relationship of the East Asian region to the wider global system has been the subject of much recent discussion. At first these debates were somewhat abstract (centring on globalization) but, more recently, they have become intensely practical (as the shock of the Asian financial crisis unfolded). In broad terms, the recent patterns of change in the global system have opened up a series of interrelated issues: the nature of globalization; the aetiology of the Asian financial crisis; and the character, role, and desired reform of key international financial institutions.

The Debate about Globalization: Description or Prescription?

The fashionable 1990s idea of globalization purports to capture the essential character of the contemporary global system, namely, that the reach of the liberal-market system is now world-wide and that an integrated global system is in the process of construction. The advocates of globalization base the core of their efforts within the intellectual territory of orthodox market-liberal economic theory and thus represent their work as positive social science. The literature on globalization is vast. However, two points can be made. First, the core of the arguments advanced relate to claimed changes in patterns of

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economic life and here, as Hirst and Thompson[59] make clear, the empirical plausibility of the claims is low, indeed it is better to speak of a relatively restricted set of internationalized economic activities. Secondly, the broad globalization package of ideas recalls the earlier 1950s "logic of industrialism" material, and it is better to view the core assertions of globalization theory as the political rhetoric of the servants of the U.S.-centred liberal-market system.[60] The talk is, therefore, prescriptive rather than descriptive, all of which has been rehearsed in the context of discussions about the nature of the development experience of East Asia.[61] It is a debate which has, of course, been revisited in recent years in the wake of the Asian financial crisis.

The Debate about the Asian Financial Crisis: Too Much or Too Little Liberalization?

The debate about the Asian financial crisis can be grasped in terms of two broad lines of reflection. The first speaks of crony capitalism. The second looks to the problems of inappropriate liberalization. The first line of argument, deeply informed by the nostrums of the Washington consensus, has suggested that the rapid economic growth of recent years fostered a peculiarly ill-disciplined version of capitalism, so called "crony capitalism". In this perspective, the root cause of the Asian financial crisis was to be found in fundamentally corrupt Asian business and political practices. The crisis was therefore seen as a necessary corrective, an occasion for the establishment of more market-liberal rational institutional structures and policy stances.

The second line of argument, informed by the resources of critical/structural analyses, looks to the intermeshing of the different economic logics of the competitive capitalism of the United States and the developmental capitalism of East Asia in the particular context of financial market liberalization (urged upon East Asian governments by the proponents/institutions of the Washington consensus). In this perspective, the root cause of the crisis was an inappropriate financial liberalization which exposed otherwise successful economies to the vagaries of the international speculative financial market.

The arguments of the proponents of the Washington consensus are of limited interest (notwithstanding genuine domestic problems in some East Asian countries[62]) as they are cast in terms of a putatively universal market-liberal model which is not intellectually credible. The Asian financial crisis is not leading (and will not lead) the countries of East Asia to converge upon the American economic model; rather élites will read, react, and adjust as new domestic agendas are established.[63] The critical/structural analysis can grasp these changes.

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Conclusion

To conclude, the contemporary situation in East Asia can be characterized in terms of the logics of change underpinning patterns of life within particular countries and their complex regional intermeshing. The economic core of the region is, at the present time, Japan and whilst its political élite has received a wealth of advice from the West in general, and the United States in particular, all urging, one way or another, the necessity of radical market-oriented economic reform, there is little reason to suppose that there will be any significant change. The logic of the modern Japanese system was put in place during the Meiji Restoration. It has been a success. Indeed, the most recent expression of this success, the planned export-oriented drive for national reconstruction following the Pacific War, which has given us the notion of the "developmental state", has been exported around the East Asian region. In China, which has borrowed the strategy of export-oriented development and moulded it to its own historically specific circumstances, we might expect the slow processes of economic reform and opening to a wider system to continue. This is also true of the NIEs, where we might anticipate modest domestic reform in the wake of the Asian financial crisis and greater interest in the region. Finally, in the ASEAN states, which were the most badly hit by the financial crisis, we can expect a renewed affirmation of the goals of growth and development together with a greater concern for the context of the region. Overall, it seems that the East Asian region will continue to crystallize. However, it will not look like the United States, and it will not look like the European Union. Over the next decade, East Asia will follow its own logic and assume its own pattern.

NOTES

1. This is an idea taken from Barrington Moore, *Social Origins of Dictatorship and Democracy* (Boston: Beacon, 1996).
2. The notion of interpretation points to the role of the theorist in grasping the cultural contexts within which people live and work. The tradition of interpretative work reaches back to nineteenth century hermeneutics, which was originally a scholarly attempt to recover the true meaning of biblical texts.
3. The work is ethically engaged. It is oriented to the achievement of democracy. It is, crucially, oriented to the public sphere. On this, see Jurgen Habermas, *The Structural Transformation of the Public Sphere* (Cambridge: Polity, 1989).
4. The familiar taken-for-granted objective of positivistic work, the idea of a potentially finally accurate summary description/explanation of everything that there is, an idea which owes much to what Anthony Giddens, in *Social Theory and Modern Sociology* (Cambridge: Polity, 1987) has called the "received model of natural sciences", seems to me to be an illusion.
5. For a very brief overview of the formal nature of social theorizing, as I understand it, see P. W. Preston, *Rethinking Development* (London: Routledge, 1987), chapter 2.

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6. For a very brief review of this aspect of the tale, see P. W. Preston, *Development Theory* (Oxford: Blackwell, 1996), Parts I and II.
7. See Susan Strange, *States and Markets* (London: Pinter, 1988).
8. In 1985, the Single European Act began a process of renewed economic integration, which was further developed in the 1991 Maastricht Treaty, and further advanced in the 1999 Amsterdam Treaty.
9. In 1978 Deng Xiaoping began reforms in China; in 1985 the Plaza Accords revalued the yen; and in 1991 the USSR dissolved itself. In all, a trio of dates to encapsulate the most recent phase of the development experience of the states of East Asia, that is, within the context of the region. These arguments are pursued in P. W. Preston, *Pacific Asia in the Global System* (Oxford: Blackwell, 1998).
10. The relative decline of the United States is evident in its changing comparative position over the years following the Pacific War. In 1945, the United States was unchallenged economically, militarily, and diplomatically, but the current global system is clearly tripolar, quite evidently with the European Union and less obviously with the rise of an East Asian region. It might be added that the 1980s/1990s popular literature on the American decline was often alarmist, and, given the success of the U.S. economy in recent years, wrong.
11. These implications of the broad changes could be unpacked in detail for each country in Europe. In many cases, the changes have proved unsettling. In the particular case of the UK political élite, for example, the apparently wholly unanticipated end of the Cold War has occasioned a slow political crisis as the élite endeavoured to adjust to the unanticipated political centrality of the European Union.
12. In this article, in respect of matters *economic*, I draw a distinction between market-liberal *ideas* (philosophies, models, policies, party programmes, or whatever), which are a particular variant of liberalism, and liberal-market *systems* (that is, a particular sort of market). This is to counteract the tendency within Western debate to suppose that real-world markets are all one and that orthodox free market theory grasps their essence. I wish to resist this process of intellectual collapse in order to insist that forms of economic life are diverse and that social scientific reflection upon these forms of life is much wider than the narrow sphere of free market thinking. Relatedly, in respect of matters *political*, I draw a distinction between liberalism (from Hobbes and Locke) which characterizes the political/social world in terms of autonomous individuals with endogeneously arising needs/wants which are satisfied in contractual relationships, the arrangement of which is secured by the minimum regulatory state, and democracy (from Rosseau) which characterizes the political/social world in terms of networks of social relationships within which ineluctably social beings distinguish themselves as individuals as they pursue their particular (and socially occasioned) concerns, the arrangement of which finds best expression within the framework of a broadly engaged interventionist state. The liberal approach is universalist, the egoistic nature of humankind is given, as is the model of an appropriate political/state form, whereas the democratic approach is relativist, and democracy presents itself as an ongoing historical, context dependent, social achievement (see also note 32).
13. F. Fukuyama, *The End of History and the Last Man* (London: Hamish Hamilton, 1992).
14. See, for example, R. Robertson, *Globalization: Social Theory and Global Culture* (London: Sage, 1992); or M. Albrow, *The Global Age* (Cambridge: Polity, 1996).
15. The formulation "Anglo-American" is quite familiar and, in my view, misleading. The population of the United States is 263 million, whilst that of the UK is 58 million, Australia has 18 million, New Zealand 3.6 million, and Canada 29.6

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million. In the context of discussion about the global system, it would seem that speaking of the United States might be more accurate, but for the present, the familiar usage will be preferred. Data taken from World Bank, *World Development Report 1997* (Oxford University Press, 1997).

16. See P. Anderson, *English Questions* (London: Verso, 1983).
17. A. G. Frank, *Reorient: Global Economy in the Asian Age* (University of California Press, 1998).
18. See M. Bernard, "Regions in the Global Political Economy", *New Political Economy* 1, no. 3 (1996). See also J. Zysman, "The Myth of a Global Political Economy", *New Political Economy* 1, no. 2 (1996). A contrary view is put by Gerald Segal, *Rethinking the Pacific* (Oxford: Clarendon, 1991).
19. These arguments are made at length in Preston, *Pacific Asia*.
20. A product of the late nineteenth century, following the Civil War, which is anti-statist, socially egalitarian, and materialist. It is a variant of liberalism (see D. McKay, *Politics and Power in the USA* (Harmondsworth: Penguin, 1994)).
21. The umbrella label for the set of ideas, institutions and alliances associated with the assumption by the United States of a global role in the years following World War II.
22. An idea from Eric Hobsbawm, *The Age of Extremes: The Short Twentieth Century* (London: Michael Joseph, 1994), who suggests that the century began in 1914 and ended in 1991.
23. A popular expression of this argument was made by Lester Thurow, *Head to Head: The Coming Economic Battle Among Japan, Europe and America* (London: Nicholas Brearley, 1994). However, it should be noted (setting aside the awkward issue of how regions are established/defined) that the three regions posited in this article are not all the same, indeed they are quite different: (i) the United States is a continental power with a deeply integrated domestic sphere (it is, after all, a long established single country); (ii) the European Union is presently engaged in organizing a federal system among fifteen countries in a unique mix of supranational and transnational institutional mechanisms; and (iii) East Asia, in contrast, has significant linkages with other parts of the global system and shows little sign of repeating the model of the EU, much less that of the United States.
24. On East Asian responses, see Richard Higgot, "The Asian Economic Crisis: A Study in the Politics of Resentment", in *New Political Economy* (1998), and the special edition of *Pacific Review* 13, no. 1 (2000) dealing with the Asian financial crisis. In respect of the European Union it is enough to note that there are sharp conflicts with the United States over trade, where, for example, European consumer resistance has generated problems for American agribusiness in respect of genetically modified crops.
25. See P. Bourdieu and L. Wacquant, "On the Cunning of Reason", *Theory, Culture and Society* 16, no. 1 (1999).
26. W. W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (Cambridge: Cambridge University Press, 1960).
27. The proponents of market-liberalism routinely lodge a claim to positive scientific knowledge. A series of claims are being made: (i) in respect of the nature of natural science, where the "received model" (naïve realism conjoined to naïve induction [Giddens, *Social Theory*]) is affirmed such that scientific enquiry means describing/explaining external reality; (ii) in respect of the methodologies of natural science, where a standard characterization of the core experimental procedures of the physio-chemical sciences are affirmed; and (iii) in respect of the objectivity/disinterestedness of natural science where a simple notion of the objective apprehension of reality is affirmed. Translated into the sphere of concern of the

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market liberals, this presents itself in the form of a commitment to quantification, inductive statistical modelling, and aprioristic mathematical modelling as ways of objectively grasping external reality. These claims are not persuasive.

28. The claim to priority of mainstream (free market) economics rests on a series of claims: (i) to the scientific status of their enquiries (where this includes statements about the positive scientific status of their discipline) and statements about other disciplines (which are mainly taken to be of lesser scientific status); (ii) to the accurate identification in their enquiries of the central concerns of social science (taken as grasped in the liberal project of rational actors seeking to maximize satisfaction in conditions of scarcity and social constraint); (iii) to the accumulation as a result of their enquiries of a body of knowledge in respect of social life; and (iv) on the basis of these to the status of the pre-eminent professional discipline within the broad sphere of the social sciences.
29. See P. W. Preston, *Discourse of Development: State, Market and Polity in the Analysis of Complex Change* (Aldershot: Avebury, 1994).
30. See C. B. Macpherson, *Democratic Theory: Essays in Retrieval* (Cambridge University Press, 1973) who argues that liberalism and democracy are different and that liberal democracy is incoherent. See also Juergen Habermas, op. cit., who argues for the language-carried possibilities for democracy which might be redeemable within the discourse of the public sphere. It is this work which I prefer to work with — democracy becomes an aspiration, grounded in language, and in practice an ongoing historical achievement.
31. Cf. Barrington Moore, op. cit.
32. See Lester Thurow, *Head to Head: The Coming Economic Battle among Japan, Europe and America* (London: Brealey, 1994). Cf. also P. W. Preston, *Political-Cultural Identity* (London: Sage, 1997).
33. See B. Hettne, *Development Theory and the Three Worlds*, 2nd ed. (London: Longman, 1995).
34. For a note on the nineteenth century exchange, see F. Christiansen and S. Rai, *Chinese Politics and Society* (London: Prentice Hall, 1996). The contemporary situation is considered by Aihwa Ong, "Chinese Modernities: Narratives of Nation and Capitalism", in *Ungrounded Empires: The Cultural Politics of Modern Chinese Transnationalism*, edited by Aihwa Ong and Donald Nonini (London: Routledge, 1997).
35. See, for example, Stefan Tanaka, *Japan's Orient: Rendering Pasts into History* (University of California Press, 1993). See also Sun Ge, "How Does Asia Mean? (Part 1)", *Inter-Asia Cultural Studies* 1, no. 1 (2000).
36. E. Gellner, *Thought and Change* (London: Weidenfield and Nicholson, 1964).
37. S. Gudeman, *Economics as Culture* (London: Routledge, 1986).
38. P. R. Appelbaum and J. Henderson, eds., *States and Development in the Asian Pacific Rim* (London: Sage, 1992).
39. An idea which I derive freely from the magisterial work of Ferdnard Braudel is that "modernity" points to the historically slow business of building a modern state and nation, "regionalism" points to the more recent emergence of a regional dimension to economic, social, and cultural advance, and, finally, "crisis" points to the abrupt upheavals in long established dynamics consequent upon problems within the financial system.
40. SCAP stands for Supreme Commander for the Allied Powers — in fact, General MacArthur — but the term is used to designate the occupation authorities in Japan following the end of the Pacific War.
41. For example, F. Gibney, ed., *Unlocking the Bureaucrats Kingdom* (Washington: Brookings, 1998).

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42. I have in mind the work of Chalmers Johnson, Ron Dore, or Robert Wade.
43. See K. Sheridan, ed., *Emerging Economic Systems in Asia* (Sydney: Allen and Unwin, 1998).
44. R. Taggart-Murphy, "Japan's Economic Crisis", *New Left Review*, February 2000.
45. See John Clammer, *Contemporary Urban Japan: A Sociology of Consumption* (Oxford: Blackwell, 1997).
46. See Ron Dore, *Japan, Internationalism and the UN* (London: Routledge, 1997).
47. See Julie Gilson, "Japan's Role in the Asia-Europe Meeting", *Asian Survey* (1999). The author argues that the ASEM context allows Japan to play a low-key indirect leadership role among the Asian participants.
48. See Bruce Cummings, *Parallax Visions* (London: Duke University Press, 1999).
49. See R. Taylor, *Greater China and Japan: Prospects for an Economic Partnership in East Asia* (London: Routledge, 1996).
50. It might also be noted that this U.S. involvement had its price: (i) in Korea in the form of a catastrophic unnecessary war (see Bruce Cummings, *Korea's Place in the Sun* [New York: Norton, 1997]); and (ii) in Taiwan in the form of the unexpected arrival of the remnants of the Kuomintang.
51. See G. Rodan, *The Political Economy of Singapore's Industrialization* (London: Macmillan, 1989).
52. M. Rhodes and R. Higgot, "Introduction: Asian Crises and the Myth of Capitalist Convergence", in *Pacific Review* 13, no. 1 (2000).
53. See ibid. See also R. Higgot, "The Asian Economic Crisis: A Study in the Politics of Resentment", *New Political Economy* 3, no. 3 (1998).
54. See Linda Weiss, "Developmental States in Transition: Adapting, dismantling, innovating, not 'normalizing'", in *Pacific Review* 13, no. 1 (2000).
55. A point made by my departmental colleague Jurgen Haacke.
56. On the role of Japan within the region, see, for example, Alan Rix, *Japan's Foreign Aid* (London: Routledge, 1993); and Peter Katzenstein and T. Shiraishi, eds., *Network Power: Japan and Asia* (New York: Cornell University Press, 1997).
57. The extent to which formal commitment has been translated into actual practice is another question. Proponents of the benefits of liberal-market trading regimes also argue for the benefits of unilateral market opening, but in terms of critical/structural analysis the benefits/disbenefits accruing to any one country will be a matter of that country's political-economic logic *vis-à-vis* the wider system embraced. In the case of many, if not most, countries in APEC, one might suspect that the commitments to "open regionalism" were formal, that is, elements of the rituals of diplomatic interchange.
58. See Richard Higgot, op. cit.
59. P. Hirst and G. Thompson, *Globalization in Question* (Cambridge: Polity, 1996).
60. The 1950s saw a period of great enthusiasm for the U.S. model (within the United States) which found expression in an interrelated set of social scientific theories. The key was the notion of the *logic of industrialism* which, it was claimed, best grasped the core of the modern system (rather than talking about socialism or capitalism). The logic was universal and all variant economic systems could be expected to *converge*. The system was also successful and high levels of consumption would lead to an *end of ideology*. The poor countries of the Third World would also be subject to this universal logic, and they would experience *modernization*. The approach had little intellectual merit and its more superficial plausibility was fatally undermined by the confusion of the 1960s and 1970s.
61. See World Bank, *The East Asian Miracle* (Oxford University Press, 1993); and R. Wade, "Japan, the World Bank and the Art of Paradigm Maintenance", *New Left Review* 217 (1996).

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62. Rhodes and Higgot, op. cit.
63. See Weiss, op. cit.

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ASEAN's Relations with Major External Powers

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The international relations of Southeast Asia has traditionally been determined by external powers. During the Cold War until the conclusion of the Second Indochina War in 1975, the United States had overwhelming influence on the ASEAN states. Between 1975 and 1989, ASEAN achieved greater accommodation with China to address Thai security concerns. Since 1989, ASEAN has been relatively free of external power entanglements. Preliminary evidence from the past indicates a generally favourable appraisal of the United States and Japan and a more cautious attitude towards China. ASEAN's new latitude in managing its own affairs is complicated by its membership expansion and internal disagreements. However, ASEAN's manifest desire is that the major external powers will provide a favourable regional environment for peace and development.

Introduction

External powers have traditionally determined the contours and context of international relations in Southeast Asia. The earliest influences, until the sixteenth century, derived from China and India. However, beginning from the sixteenth century and especially after the eighteenth century, European colonial powers began to actively extend their empires into Southeast Asia. The only country that retained its sovereign status in the region was Thailand.[1]

European influence on Southeast Asian international relations evaporated rapidly after World War II and the Japanese Occupation of

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the region from 1942 to 1945. The pressures of domestic independence movements, military engagements, and the crystallization of states as the primary political units in world affairs led to the breakup of colonial empires. The process began with the Philippines in 1946 as part of the first wave of decolonization and ended with the Geneva Accords of 1954 which partitioned Vietnam into two halves.[2] The second wave brought independence to the Malay Archipelago — the Federation of Malaya in 1957, which was expanded to the Federation of Malaysia in 1963. Singapore separated from Malaysia in 1965, and Brunei was the last state to become independent in 1984.

The process of decolonization dovetailed with the onset of the Cold War. Accordingly, Southeast Asia operated as a sub-system of broader global structural arrangements for most of the period from the 1960s to the 1980s.[3] Given the overwhelming influence of the United States, the Soviet Union, and China during this period, the region's destiny was understandably intertwined with and determined by these and, to some extent, other extra-regional powers. In this regard, both Southeast Asia as a region and the Association of Southeast Asian Nations (ASEAN) as an organization have been relatively free of overwhelming external influences for only the last decade.

This article examines the relationship between ASEAN and three major extra-regional powers — China, Japan, and the United States. Two caveats are necessary at the outset. The first of these is that whereas Southeast Asia is a region comprising ten sovereign states, ASEAN is only an organization in which all ten states have collective membership. In this regard, the region is, to all intents and purposes, much larger, both philosophically and in terms of its major attributes, than ASEAN. Accordingly, the two units should not be used interchangeably. In this regard, ASEAN is but one of many international fora available to regional countries to create and utilize opportunities, ensure greater collaboration and calibration of policies, achieve and enhance familiarity and accommodation, and serve as a vehicle for extra-regional representations. The second caveat pertains to the treatment of ASEAN as a unitary corporate entity. It should be noted that insofar as collaboration and co-ordination is concerned, there are often significant differences or disagreements between the policy positions of individual member countries. Collective pronouncements are therefore often premised on the lowest common denominator principle, given ASEAN's consensual decision-making model.[4] These differences are often expressed in foreign and defence policies, since they impinge on state sovereignty.

In terms of organization, this article is divided into five sections. The first section deals with the period from the time of ASEAN's

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formation in 1967 to the conclusion of the Second Indochina War in 1975 when the United States had overwhelming influence on the region and ASEAN suffered from institutional lethargy. The second section deals with the period from 1975 to 1989 when China made overtures towards ASEAN and the latter acquired institutional maturity and recognition. The third section details the decompression effect associated with the dissipation of bipolarity in international relations on ASEAN. The fourth section examines the policy positions of the three major powers towards ASEAN and the organization's responses in turn in the 1990s. The fifth and final section details the convergences and divergences within and among ASEAN members towards the three major powers.

1967-75: American Hegemony and Institutional Lethargy

For most of its post-independence period, Southeast Asia operated as a sub-system that reflected the bipolar nature of international relations after World War II. Generally speaking, all of maritime Southeast Asia and Thailand adopted a pro-Western and anti-communist outlook in their domestic and foreign policies.[5] The best evidence of this position was the location of extensive American air and naval forces in the Philippines under the terms of the Military Bases Agreement concluded shortly after Philippine independence in 1947.[6] Equally important was the American decision to defend South Vietnam and Thailand, and contain the spread of revolutionary communism in the Indochinese peninsula.[7] Consequently, the Philippines, South Vietnam and Thailand anchored American security policy in Southeast Asia that was primarily aimed at the Indochinese peninsula in general, and Vietnam in particular.

Within the domestic political arena, convergent threat perceptions among indigenous élites allowed for the isolation of communist insurgency as the most serious threat to political stability. Since many of these movements were committed to guerrilla warfare and the revolutionary overthrow of incumbent governments, a policy of armed suppression was easily justified. These movements were also generally supported by China and, to a lesser extent, the Soviet Union, allowing for the establishment of a linkage between internal and external security. In maritime Southeast Asia, the Indonesian Communist Party (PKI) suffered the most dramatic destruction, after it was implicated in the abortive coup of 1965 against the Soekarno government and the military. Until the firm establishment of the New Order government of President Soeharto in July 1967, members of the PKI and their sympathizers were systematically hunted down and eliminated.

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In the meantime, the Indochinese political situation evolved very differently from the rest of Southeast Asia. The nationalist struggle for independence became intertwined with the revolutionary ideology of communism. The Indochinese Communist Party, which received moral and material support from the Soviet Union in the first instance and China after it became communist in 1949, co-ordinated the struggle for independence. The French military defeat at Dien Bien Phu in 1954 set the stage for the partitioning of Vietnam under the terms of the Geneva Accords. However, the end of the First Indochina War quickly dovetailed into the second, involving Laos and Cambodia as well — the equivalent of the colonial French Indochinese Union. The involvement of external powers in Indochina was to expand significantly the scope and enhance the intensity of the conflict. Hence, broadly speaking, Southeast Asia became ideologically polarized between an anti-Western, pro-communist Indochina peninsula, especially after the conclusion of the Second Indochina War in favour of the communists in 1975, and a pro-Western and anti-communist maritime Southeast Asia which included Thailand.[8] Burma (now Myanmar), which experienced a military coup in 1962, adopted a policy of isolationism, distancing itself from Southeast Asian international relations.

The sub-systemic characteristics of Southeast Asia in the 1960s provided opportunities for a structural solution to the divided status quo. This solution was the formation of ASEAN in August 1967 which brought together the ideological orientations and security policies of maritime Southeast Asia (Indonesia, Malaysia, the Philippines, and Singapore) and Thailand, the mainland state with a similar disposition. From 1967 onwards, ASEAN represented the corporate embodiment of the ideological orientation of its member states.

When it was first formed in August 1967, ASEAN was by no means assured of fulfilling its sub-systemic structural role. The immediate precedent, the Association of Southeast Asia (ASA) had collapsed in 1963 after three years in existence. Additionally, the countries that later became the core states of ASEAN — Indonesia, Malaysia, and Singapore — had their own anxieties regarding each other's intentions.[9] Conventional scholarly wisdom credits Southeast Asia with having two security complexes which determine a hierarchical ordering of power and threat perceptions, which in turn derive from geographical proximity and historical interactions.[10] A number of cross-cutting issues, such as ethnicity, religion, and irredentist behaviour, exaggerates the utility of the complexes.

The Malay Archipelago complex groups the five countries of maritime Southeast Asia, in which Indonesia was the dominant and hegemonic power. A strong sense of proprietary entitlement to order

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inter-state relations characterized Indonesian foreign policy output in the post-independence period.[11] As convenor of the Afro-Asian Summit in Bandung in 1955, and later a founder member of the Non-Aligned Movement, there was some measure of international accommodation to Indonesian claims to Third World leadership in the 1950s and 1960s. This dominant status in the archipelago was sometimes brought to bear on countries in maritime Southeast Asia. Indonesian agitation for a North Kalimantan Federation that sought to incorporate the East Malaysian states of Sabah and Sarawak, and its policy of military confrontation against Malaysia between 1963 and 1966, are examples of attempts to impose Indonesia's will on the rest of the region.[12] Singapore, which separated from the Malaysian Federation in August 1965, had anxieties regarding both Malaysia and Indonesia.[13] Brunei, which had benefited from British protectorate status until 1984, was somewhat insulated from such anxieties, while the Philippines, with a large American military presence until 1991, was also excluded from the dynamics of the Malay Archipelago complex.

The second Indochina security complex, which groups the five countries of mainland Southeast Asia, was typically played out between Vietnam and Thailand. In this complex, Vietnam was the dominant power with hegemonic ambitions, while Thailand was the medium power that deflected the Vietnamese threat. The small states of Laos and Cambodia traditionally had their political fortunes determined by Vietnam and/or Thailand. Geopolitically, Laos and Cambodia are small states sandwiched between two much larger and ambitious states. After the communist victory in Vietnam in 1975, Laos and Cambodia gravitated towards Vietnam, except for the brief interlude when the Khmer Rouge were in power in Cambodia from 1975 to 1978. Burma, owing to its self-imposed isolationism, effectively remained outside the workings of the Indochina security complex.

When systemic pressures associated with the Cold War were brought to bear on Southeast Asia in the 1960s, the Malay Archipelago complex and the dynamics associated with it gradually receded into the background. This development was aided in no small measure by the political violence in Indonesia that led to the establishment of President Soeharto's New Order government. The new government dismantled the confrontationist policies against neighbouring states and unveiled a policy that sought national resilience through economic development. Another factor responsible for the low intensity of the tensions within the Malay Archipelago complex was the external security guarantees granted to Malaysia and Singapore under the terms of the Anglo-Malayan Defence Agreement (AMDA) co-ordinated by the United Kingdom, which were in place until 1971, before being superseded by

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the Five Power Defence Arrangements (FPDA), which commits Australia, New Zealand, and the United Kingdom to consult in the event of threats to the security of Malaysia and Singapore.[14] Finally, the non-involvement of extra-regional powers also reduced the intensity of the conflicts.

Whereas there were residual anxieties that persisted after ASEAN was formed in 1967, the member countries gradually resolved their differences over time.[15] The domestic political consolidation, economic development, and ideological convergence that followed tempered the dynamics associated with the Malay Archipelago complex. Ideological convergence also allowed for congruent threat perceptions, domestically and externally. Consequently, when the Second Indochina War was concluded in favour of the communists, ASEAN galvanized support for Thailand, regionally and internationally. As a result of such activities, ASEAN's anti-communist character became firmly established from 1975 onwards.

1975-88: Chinese Overtures and Diplomatic Institutionalization

The American military defeat and withdrawal from Indochina, and the culmination of the Second Indochina War in favour of communist North Vietnam were sufficient developments to reinvigorate ASEAN. The major motivation for the reinvigoration was the entrenchment of élite perceptions in ASEAN that communist Vietnam represented the most serious security threat to regional peace and order. Consequently, Vietnamese political ambitions that extended beyond Vietnamese territory had to be proactively contained. Since Thailand, through the workings of the Indochina security complex, appeared to be in most imminent danger, organizational responses were meant, in the first instance, to safeguard Thai security.

The clearest evidence of ASEAN's organizational transformation occurred in 1976, a year after the conclusion of the Second Indochina War. Approximately a decade after its formation, ASEAN established a central Secretariat in Jakarta. The choice of Indonesia for the Secretariat was not unintentional — ASEAN, as noted earlier, was firmly rooted in maritime Southeast Asia and Indonesia was widely regarded as *primus inter pares* within the organization. Following the establishment of the Secretariat, ASEAN signed the two most explicitly political treaties among member states. The first, the Treaty of ASEAN Concord, sought to inform the external community that ASEAN member countries were committed to mutual aid and assistance. The second, the Treaty of Amity and Co-operation, which was explicitly aimed at Southeast Asian countries, mooted the idea that differences between countries in

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the region should be resolved amicably rather than through aggression. Significantly, countries that obtained membership in ASEAN in the 1990s were required to sign the latter treaty, which was subsequently lodged at the United Nations as a regional protocol. However, it was the ten-year-long Vietnamese military occupation of Cambodia, which began in 1979, that was ASEAN's most severe test of its sub-systemic relevance within the framework of regional dynamics associated with the Cold War. Accordingly, ASEAN's most successful corporate policies have been those associated with its diplomatic lobbying against the Vietnamese occupation of Cambodia at the United Nations.[16]

ASEAN's lobby against the Vietnamese occupation of Cambodia essentially entailed denying the Vietnamese-installed government in Cambodia international legitimacy at the United Nations. This approach led ASEAN to endorse the government of Democratic Kampuchea (or the Khmer Rouge) in 1979, and when the genocidal activities of the Khmer Rouge received widespread public attention, a Khmer coalition (the Coalition Government of Democratic Kampuchea, or CGDK) comprising two other non-communist factions was established in 1982. Until the time of the United Nations intervention in 1989, it was the CGDK which held the Cambodian seat.

The wider reconfigurations of power in the Asia-Pacific region facilitated China's alignment towards Thailand and ASEAN as part of a broader strategy to balance growing Soviet influence in Indochina from 1975.[17] Soviet influence in Southeast Asia was extended primarily through Vietnam, which gravitated towards the former following the conclusion of the Second Indochina War. The most concrete expression of Soviet–Vietnamese relations was the Treaty of Friendship and Co-operation concluded between the two countries in 1978, just prior to the Vietnamese invasion and occupation of Cambodia.

Friendly Chinese overtures towards ASEAN initially involved the downgrading of moral and material support for communist insurgency movements in Southeast Asia. Early gestures included the closure of the Voice of the People of Thailand (VOPT), a clandestine radio transmission station in Yunnan province in southwestern China in 1979. In the same year, China arranged for an amnesty programme with the Kriangsak government in Thailand that led to the return to civilian life of a large number of CPT (Communist Party of Thailand) guerrilla fighters. In 1983, China co-ordinated the closure of another clandestine radio station of the Communist Party of Malaya (CPM), the Voice of Democratic Malaya (VODM). China's decision to downgrade its support for insurgency movements in Southeast Asia was a concession made to ASEAN in order to balance the new Soviet strategy towards the region.

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The broader strategic scenario resulted in a series of paradoxical developments. Firstly, two communist powers, the Soviet Union and China, despite historical and ideological linkages, were trying to contain each other. Secondly, ASEAN, despite its anti-communist rhetoric and policies, gravitated towards China, which had traditionally supported communist insurgency in the region. It must be noted, however, that during this period, Indonesia and Malaysia, both of whom had traditionally harboured suspicions against China, issued a statement in February 1980, called the Kuantan Declaration, that noted the utility of Vietnam in containing China's hegemonic ambitions towards Southeast Asia.[18] Nonetheless, for the most part, ASEAN evolved a series of corporate policies towards Vietnam between 1979 and 1989.

1989: Tightening the Core, Coping with Tensions and Bridging the Divide

The global collapse of communism from the late 1980s, epitomized by the tearing down of the Berlin Wall in 1989 and eventual dissolution of the Soviet Union, altered significantly the dynamics of systemic structures. With the collapse of the bipolar structure, there was a rippling effect on the sub-systemic structures that were a product of the Cold War. In Southeast Asia, the most significant decompression effect was the collapse of the Indochina security complex that had ordered inter-state relations in the region. A number of developments converged to dismantle the complex.

The first development which undermined the complex derived from domestic political developments in Thailand.[19] Immediately after assuming the premiership in August 1988, Prime Minister Chatichai Choonhavan announced a new Indochina Initiative. In essence, the policy sought to downgrade Vietnam as an external security threat and instead treat it as an ally in the economic transformation of the entire Indochinese peninsula. This policy initiative undermined the most important assumption underlying the Indochina security complex — that Vietnam was a hegemonic power which presented a security threat to countries in mainland Southeast Asia. Approximately a year later, in September 1989, Vietnam withdrew its occupation forces from Cambodia, effectively denying ASEAN the reason for a confrontationist policy. After all, the second rationalization for ASEAN's policies towards Vietnam between 1979 and 1989 was that Vietnam had violated the territorial integrity of a smaller, sovereign state through its occupation of Cambodia. Such a precedent was regarded by ASEAN as unacceptable in Southeast Asian international relations. The first

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rationalization was that the Vietnamese occupation had significantly eroded Thailand's national security, turning it into a "frontline" state, in direct confrontation with Vietnam.

The collapse of the Indochina security complex and Vietnam's withdrawal of its troops from Cambodia attracted international aid and attention. A number of initiatives undertaken by the United Nations, with support from the United States, China, France, Australia, and Canada eventually led to the warring factions agreeing to U.N.-supervised elections in May 1993, and the formation of a coalition government headed by Norodom Ranarridh and Hun Sen as co-Prime Ministers. Hun Sen's violent seizure of power in July 1997, that led to the forced exile of Ranarridh, was subsequently overcome with Ranarridh's successful return to Cambodia, and Cambodia was eventually admitted as the tenth member of ASEAN in April 1999.

Changes to the strategic environment in mainland Southeast Asia, in particular Thailand's *rapprochement* with Vietnam, had significant implications for China, especially since the Tienanmen incident of June 1989 had led to widespread diplomatic condemnation. Accordingly, and in continuation of its previous policy of downgrading support for insurgency in ASEAN member states, China arranged for the disbandment of the CPM and CPT in December 1989 in Haadyai, Thailand. Interestingly, the decision on disbandment was undertaken three months after the Vietnamese withdrawal from Cambodia, signalling an interest in continued friendly relations towards ASEAN and perhaps denying Vietnam significant leverage in its future dealings with ASEAN.

The Chinese gesture was warmly received in Southeast Asia where the linkage between Chinese ethnicity and communist insurgency had long posed an internal security and foreign policy dilemma for Indonesia, Malaysia, and Singapore. In a return gesture, Indonesia re-established diplomatic ties with China in August 1990, which had been severed since 1967 following an abortive coup attributed to the Indonesian Communist Party.[20] Singapore, the only Chinese majority state in Southeast Asia, similarly established diplomatic ties with China in November 1990. Singapore's reluctance to formally establish diplomatic ties with China before Indonesia was meant to reassure its immediate neighbours that ethnicity was not a consideration in its conduct of foreign policy.

It was during this transitionary period from the late 1980s and the early 1990s that Southeast Asia witnessed a period of turbulent bilateral relations between member-states in ASEAN that had for the two previous decades expressed solidarity with one another.[21] The collapse of the Indochina security complex and the disbandment of communist

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insurgency movements dissipated the assumptions underlying a skilfully co-ordinated corporate internal and external security policy. Vietnam was no longer the threat to regional security, and communist insurgency was no longer the paramount domestic security consideration. Accordingly, states took stock of the situation and old bilateral problems with proximate states resurfaced.

Four sets of bilateral tensions were especially problematic during this period. These were Thai–Burmese, Thai–Malaysian, Indonesian–Malaysian, and Singaporean–Malaysian relations. The issues involved ranged from cross-border intrusions, overlapping territorial claims, indigenous insurgency movements, élite perceptions, illegal immigrants, and fishing. The scope and intensity of the tensions surprised many observers who had assumed a certain amount of familiarity and accommodation between the member states. Fortunately, the situation was skilfully managed bilaterally in almost all instances and conflict avoided. Nonetheless, the anxieties unleashed during this period continue to have a lingering effect on policy-makers.

The already difficult situation was compounded by a number of other developments that affected the region. These included the Australian-sponsored creation of the Asia-Pacific Economic Co-operation (APEC) forum, which sought the creation of a larger community beyond ASEAN.[22] Support for this organization was not uniform throughout ASEAN. Singapore endorsed the organization wholeheartedly while Malaysia preferred its own formulation in an East Asian Economic Grouping (EAEG) that sought to integrate Northeast and Southeast Asia while excluding Australia, Canada, New Zealand, and the United States. Thailand was committed to developing the Mekong delta region, while Indonesia worked towards a larger international role for itself. ASEAN, in the meantime, refashioned its agenda and expanded outwards to incorporate all of Southeast Asia.

ASEAN's outward expansion in 1997 was meant to fulfill the organization's ultimate ambition of incorporating all the countries of Southeast Asia. Accordingly, during ASEAN's thirtieth anniversary celebrations in Kuala Lumpur, plans were drawn up to include Cambodia, Laos, and Myanmar, after Vietnam's earlier entry in 1995. Even prior to Vietnam's admission, Thailand had from as early as 1992 lobbied for the creation of SEA-10 (Southeast Asia-10), an organization that would collectively represent the region.[23] However, the political instability in Cambodia precluded the country from membership until April 1999. ASEAN's expansion, in particular the inclusion of Myanmar, was to saddle the organization with additional diplomatic difficulties (to be examined later).

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ASEAN's attempts to manage mounting bilateral tensions among the member states, outward organizational expansion, and extra-regional pull factors were reflected in a number of initiatives that the organization undertook in the 1990s. To cope with mounting security concerns, ASEAN announced during its Fourth Summit Meeting in 1992 that its Post-Ministerial Conference (PMC) would be the organization's preferred forum for multilateral security discourse. Two years later, in Bangkok in July 1994, ASEAN initiated a second multilateral mechanism in the form of the ASEAN Regional Forum (ARF).[24] However, the ARF, like APEC, includes a number of major extra-regional powers, such as China, Japan, and the United States. As a result, control of the forum and its agenda, unlike the PMC, is not entirely in ASEAN's hands. It is in acknowledgment of this fact that there has been a proposal by Indonesia for the ARF to have a major power as a co-chair of the forum.[25] It is hoped that this structural remedy would provide the ARF with a more credible policy agenda.

In the realm of economic co-operation, ASEAN endorsed transnational economic co-operation in the form of "growth triangles" that relied on complementary economic factor endowments.[26] Additionally, in 1992 (to start from 1993), ASEAN announced its intention to create an ASEAN Free Trade Area (AFTA) through the application of Common Effective Preferential Tariffs (CEPT) over a period of fifteen years by 2008.[27] Subsequently, the gestation period was reduced to ten years, and after the Hanoi Summit meeting in December 1998, to nine years. In other words, AFTA would effectively be established by 2002. However, it should be noted that economic co-operation within ASEAN has traditionally been problematic. Previously, the difficulty arose from inter-state competition in the export of agricultural products and minerals, primarily to the industrialized West and Japan. More recently, such competitiveness has spilled over into the manufacturing and tertiary sectors. Liberalized trade and investment regimes, the massive flow of foreign direct investment (FDI), technology transfers and multilateral production linkages, have all contributed to this spillover. Consequently, economic co-operation in ASEAN has traditionally lagged well behind political co-operation.

ASEAN, the United States, China, and Japan in the 1990s

The structural contours of international relations for much of the period after World War II were invariably determined by the two foremost major powers. Until the collapse of the Soviet Union at the end of 1991, the United States and the Soviet Union had defined the structural

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context. In the 1990s, this context was at least partly defined by the relationship between the United States and China. Within the broader confines of the Asia-Pacific, the relationship between the United States, China, and Japan has determined this structural context.[28] Naturally, this broader environment has a spillover effect on Southeast Asia and ASEAN. Whereas the United States is guided by strategic, security, economic, and ideological considerations, China and Japan have a more intrinsic claim as resident Asian powers.

The United States lost much of its clout in Southeast Asia in the 1970s and the 1980s.[29] The communist victory in the Second Indochina War in 1975, Thailand's gravitation towards China for external security, and a resurgence of Philippine nationalism culminating in the American withdrawal from Clark Airfield and Subic Bay Naval Base in 1991, were high points of diminishing U.S. influence. As a result, the three countries which anchored American security policy during the Cold War either ceased to exist (as in the case of South Vietnam) or significantly disengaged themselves from the United States (the Philippines and Thailand). Domestic political contestation leading to reconfigured governments, two decades of spectacular economic growth and development in ASEAN, emerging tensions in the discourse on values, and growing trade and investment opportunities in East Asia led to a smaller U.S. "presence" in Southeast Asia.

Nonetheless, the United States benefited from the previous pro-Western and anti-communist posture of ASEAN and held long-standing membership as a dialogue partner and member of the PMC and ARF. Additionally, it had inaugurated the APEC leaders forum in Seattle in November 1993 to indicate commitment to a region that was viewed as economically and politically dynamic. The United States has also been actively involved in difficult situations in East Asia with the potential for military conflict — the status of Taiwan, and containing the nuclear ambitions of North Korea. In this regard, the United States is viewed as a helpful superpower with the ability to provide a credible regional balance of power to contain both China and Japan's potential hegemony in the Asia-Pacific. Whereas bilateral hiccups between individual member countries of ASEAN and the United States may surface from time to time, ASEAN's corporate perception of the United States is certainly favourable.[30] The clearest indication of this perception was the ASEAN decision to admit Vietnam in July 1995 only after the United States had lifted its diplomatic embargo on the country.

Whether ASEAN has a corporate policy towards China or not is more difficult to discern. There is, however, growing recognition within ASEAN of China's status as a major power. The difficulty in appraising a corporate policy is partly due to entrenched suspicions regarding

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China's intentions towards Southeast Asia, its previous support for armed insurgency movements, its unwillingness to deal with ASEAN as a corporate body on disputed matters and preference for bilateral negotiations with individual member countries, and the loss of its strategic alignment with Thailand and ASEAN since 1989 when Vietnam withdrew its troops from Cambodia.[31] ASEAN's relationship with China is also complicated by the multi-ethnic makeup of many of the member states in which Chinese economic dominance and prosperity is often a cause of envy and conflict. Accordingly, ASEAN's corporate policies towards China are tempered by an admixture of internal and external considerations. Nonetheless, ASEAN has not alienated China and, in its resolve to engage all major regional powers, China was admitted as a full dialogue partner in the PMC together with India and Russia in 1996.[32]

As for Japan, ASEAN has a long-standing dialogue relationship and has traditionally engaged it in most economic matters. Japan began the relationship with a number of drawbacks — the three-and-a-half-year Japanese Occupation of the region during World War II, with memories of brutalities and plunder, and a seemingly insatiable appetite for raw materials — which led to the outbreak of anti-Japanese riots in Indonesia and Thailand in the 1970s, and a certain attitudinal problem in regarding other Asians as less than equal.[33]

Nonetheless, Japan, since the 1980s, has projected a much more positive image. It is one of the largest sources of foreign direct investment and technology transfers in ASEAN. Japan played an active role in brokering the Vietnamese withdrawal from Cambodia and subsequently in achieving reconciliation between Hun Sen and Ranarridh in 1998, and has also contributed to the reconstruction of the Indochinese countries in a major way. Additionally, Japan has helped to sponsor a number of organizations and Track Two fora involved in conflict avoidance and resolution, including the Asia-Pacific Roundtable held in Malaysia and the South China Sea meetings in Indonesia. Finally, Japan has maintained an active interest in maritime navigational safety and has contributed to surveillance and monitoring schemes, especially in the Strait of Malacca.

As for what the three major powers in turn expect of ASEAN, there are significant differences. The United States, as part of its broader Asia-Pacific policy of engagement with China, expects ASEAN to perform a certain structural and leadership role through confidence-building measures that involve the discussion and eventual resolution of outstanding disputes. It is for this reason that the United States is less than enthused about the progress of the ARF as a multilateral security forum. The U.S. expectation is premised on the European experience

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where structures and rational legal norms provide for the arbitration and resolution of disputes and conflicts. ASEAN, on the other hand, is unwilling to institutionalize a process with which it is unfamiliar and which might result in the agenda and pace of developments spiralling out of control. Familiarity and accommodation leading to contained and quiet diplomacy has traditionally been ASEAN's instrument of choice.

China expects ASEAN to function as an independent organization and is extremely anxious that the organization does not draw closer to the United States and Japan as part of a broader U.S. strategy to contain China. Whereas China's explicit preference is for a quadrangular relationship between the three major powers and ASEAN, it acknowledges the strategic partnership between the United States and Japan. Accordingly, if China perceives an ASEAN gravitating away from a certain independent status, it is unlikely to want to co-operate. ASEAN is familiar with China's predicament and tries to maintain a certain latitude in its dealings with the United States and Japan in order to engage China.

Japan is probably the least independent of the three major powers, given its strategic security partnership with the United States and its traditional anxiety over China.[34] The Japanese situation is complicated by the fact that the United States is likely to be the major guarantor for security on the Korean peninsula and to Taiwan, which was the major motivation for its enhanced security relationship with the United States in 1996.[35] Accordingly, Japan had in the past succumbed to U.S. pressure on regional initiatives, like Malaysia's EAEG proposal. ASEAN is aware of the constraints in Japanese policy output but, nonetheless, expects Japan to remain somewhat engaged independently in a region that is vital for its own economic and political well-being. As a result of such expectations and Japan's familiarity with ASEAN's cultural norms, it has actively involved itself in supporting and sponsoring ASEAN initiatives.

Convergences and Divergences within the Corporate Perception

Up to this point, it has been assumed that ASEAN functions within the framework of a homogeneous corporate identity. However, the truth of the matter is that there are significant differences in the perception of individual countries towards the three major powers. Since it would be both unnecessary and impossible within the scope of this article to detail all the nuances among ASEAN members, only significant differences will be highlighted — that is, those that have the ability to alter the corporate perception of a major power or, alternatively, to entrench it in the region.

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Of the three extra-regional powers, China invokes the greatest difference in perceptions. The reason for this difference is quite simply that a number of ASEAN member countries have either identified China as the most imminent external threat or have unresolved disputes with it. The country with the most clearly articulated threat perception towards China is Indonesia.[36] Given its *primus inter pares* status within ASEAN, Indonesia's perceptions have traditionally had an impact on ASEAN. Secondly, Vietnam, which joined ASEAN in 1995, has also traditionally regarded China as the most significant regional threat.[37] The Vietnamese perception is to be expected, given China's "punitive expedition" against it in February 1979 in support of besieged Khmer Rouge troops and previous hostilities involving overlapping territorial claims that led to China's occupation of the Paracel Islands in 1974, and a naval skirmish over the disputed Spratly Islands in 1988. Together with overlapping claims in the South China Sea, there is also the disputed Sino-Vietnamese land border at Friendship Pass.

Yet another reason for the anti-China perception of ASEAN after 1995 is the fact that all countries with outstanding maritime territorial claims in the South China Sea against China are collectively grouped in ASEAN. Ignoring Taiwan as a domestic matter for China, the only previous claimant over such overlapping territories outside ASEAN was Vietnam. When China became aggressive with its claims over the Spratlys with the Philippines, and disputed maritime claims with Vietnam, the aggrieved members' quick attempts to mobilize ASEAN opinion reinforced the anti-China perception. Indonesia, which in the past had offered its good services to broker the Spratlys dispute, has actually lost a good measure of leverage owing to Vietnam's membership in ASEAN since it can no longer present itself as a neutral party to the dispute, given Jakarta's pre-eminent status in ASEAN.[38]

Notwithstanding the perceptions of individual member countries, ASEAN has not displayed an overtly anti-China position. In fact, China is often viewed as an important partner for trade and investments in the region. Additionally, some ASEAN member countries, such as Malaysia and Singapore, have much better rapport with China, largely on the basis of domestic political constituencies. Finally, Myanmar has a certain strategic alliance and strong economic ties with China. Strong Sino-Myanmar security ties, especially China's access to the Myanmar coastline and offshore islands in the Bay of Bengal, have raised the ire of both Thailand and India.[39]

If China is regarded as the regional power with the most suspect intentions, then the United States must be regarded as the country with the most benign intentions. Whereas the United States may have dissipated a large measure of its goodwill in Thailand and the

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Philippines, the termination of conflict on the Indochina peninsula has also earned it some goodwill, especially from a country like Vietnam. The country with the most proactive policy of retaining a U.S. presence in ASEAN is Singapore.[40] Through a 1990 Memorandum of Understanding (MOU) and subsequent Implementation Agreements and an Addendum, Singapore hosts the Logistics Command of the U.S. Seventh Fleet (COMLOG WESTPAC), U.S. fighter aircraft on a rotational basis, and from 2000 will allow docking for U.S. aircraft carriers at Changi Naval Base. Similarly, the Philippine Senate approved in May 1999 a Visiting Forces Agreement (VFA) with the United States. The VFA allows the U.S. military access to local facilities and provides for joint operations with the Armed Forces of the Philippines (AFP).

No country in ASEAN specifically views the United States as a source of threat, even if Indonesia has always articulated a preference for an independent and neutral foreign policy. There are a number of issue areas such as press freedom, human rights, democracy, and deforestation when the interest of ASEAN member states may not be congruent with that of the United States. Alternatively, certain members of ASEAN's political establishment, such as Prime Minister Mahathir Mohamad of Malaysia, may express occasional anti-American rhetoric. However, apart from these irregular and often issue-specific irritants, most ASEAN member states view the U.S. role as inevitable and positive.

As for Japan, most ASEAN member states welcome trade and investment opportunities and have not truly contemplated a security role for it, although such a role may emerge sooner rather than later. The Philippines is probably the only country in ASEAN that experiences surges of anti-Japanese sentiment over the issue of compensation for "comfort women" (Filipino women who were exploited as sex-slaves by Japanese soldiers during World War II). It is entirely possible that more articulate dissent will be audible when Japan expands its military capabilities and, therefore, regional presence.

Finally, it should be noted that two issues in ASEAN have traditionally subjected the organization to international criticism. The first of these, the Indonesian occupation of East Timor, has been resolved with some measure of international satisfaction, given the United Nations arrangement for a referendum in August 1999 which will lead to independence for the East Timorese. The second and more intractable problem is the domestic political situation in Myanmar. The reason why Myanmar's membership has been problematic for ASEAN is simply that influential international opinion is decidedly opposed to the military junta's hold on power and its refusal to negotiate with

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elements of the political opposition which is viewed as the legitimate contender for political power, given its stunning victory during the polls in 1988. In fact, both the United States and the European Union (EU) have been extremely critical of the junta and upheld trade and travel moratoria, notwithstanding Myanmar's membership in ASEAN. The clearest indication of the pressures being brought to bear on ASEAN was the EU decision to cancel ASEAN-EU meetings in 1997 and 1998. More recently, the World Bank, over which the United States wields overwhelming influence, has removed Myanmar from its list of countries eligible for loans until a US$1.4 billion loan is repaid. Additionally, the United States extended its diplomatic embargo on Myanmar in May 1999 for another year.[41]

The Myanmar junta's unwillingness to negotiate with the political opposition has in fact raised the ire of some ASEAN members. The Philippines and Thailand, in particular, have publicly vented their unhappiness with the situation and have spoken of "constructive intervention" and "flexible engagement".[42] Both countries, which function within a liberal democratic framework, are clearly unhappy with Myanmar. Thailand, in particular, with a government led by the Democratic Party and outspoken Foreign Minister Surin Pitsuwan and his deputy Sukhumbhand Paribatra, has been at the forefront in nudging ASEAN to change its ways. In fact, Thailand has argued that the unacceptable political situation in Myanmar has interfered with Thai domestic politics by unleashing a large and steady stream of refugees across the border.[43] The seizure of the Myanmar embassy in Bangkok in October 1999 and a hospital in Ratchaburi province in January 2000 by armed Karen insurgents has complicated the situation even more. In the first incident, the five armed insurgents were allowed to escape to safety across the Thai–Myanmar border, while in the second, Thai special forces stormed the hospital and killed all ten insurgents.[44]

Conclusion

Notwithstanding differences of opinion on selective issues and the dominant threat perceptions of individual member states, ASEAN's corporate policies towards the United States, China, and Japan are motivated by a convergence of economic and political factors. Among the economic factors, trade liberalization, foreign direct investment, technology transfers, and broad-based socio-economic development are motivating criteria. In the political realm, the ability of the three major powers to maintain a stable environment in the Asia-Pacific region is a primary consideration. This is especially the case with the Korean

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peninsula and the status of Taiwan. Within ASEAN, there is optimism that a stable external environment will generate possibilities for greater growth and development and the restoration of political stability in Cambodia, Indonesia, and Myanmar. Accordingly, in the final analysis, the corporate desire of ASEAN is a stable and non-conflictual external environment that is managed through a balance of power between the major external powers.

NOTES

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ASEAN as a "Neighbourhood Watch Group"

KHOO HOW SAN

The Secretary-General of ASEAN, Rodolfo Severino, had said that the organization "has to be measured against the purposes that it has set for itself and the limitation that it has imposed upon itself". This article argues that ASEAN's core purpose is that of an intergovernmental neighbourhood watch group, its primary function being that of ensuring regional political and economic stability. The neighbourhood watch group (NWG) idea borrows from the police-community crime prevention concept. When applied to ASEAN, this idea draws attention to its members' self-interest and mutual stake in regional stability. With the end of the Cold War, ASEAN embarked on expansion and consolidation, and seemed to have co-opted the newer members into this idea. Since 1997, however, ASEAN's fundamental purpose has been severely tested and it remains to be seen if the grouping can meet the challenge.

Introduction

Imagine a genie appearing suddenly before a gathering of ASEAN foreign ministers, with the grant of one wish. The assembled wise men —well aware than ASEAN's image has been tarnished since 1997 — are allowed to confer among themselves for five minutes. The argument of this article, in revisiting ASEAN's purpose, is that the appointed spokesman will approach the waiting genie and profess that the consensus is a wish for "regional political stabilization"[1] rather than "regional security", for which corporate agreement may be more difficult to establish. In making such a request, the ministers would be

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acutely aware of Southeast Asia's conflictual history since 1945, of the region's geopolitics and links to external powers, and of recent events such as the Asian economic crisis and the turmoil in post-Soeharto Indonesia which inform the region's interdependence. In short, ASEAN should be best viewed as a "neighbourhood watch group" in which bilateral diplomacy — not always smooth — is critical to "regional political stabilization", and corporate initiatives are both limited and yet hold promise for the grouping if it seeks to become more vibrant.

Cold War ASEAN

A "neighbourhood watch group" is an apt way to describe ASEAN. The neighbourhood watch group (NWG) idea borrows from the municipal crime prevention concept in which the residents of a locality claim an active role in assisting the police to eliminate crime from their neighbourhood, in looking out for each other, and in improving safety in their neighbourhood. The appeal of an NWG derives from the assumption that residents of a neighbourhood "know best their own specific problems, strengths, resources and needs. They know best the people that live in the neighbourhood... Neighbourhoods are made up of people who have the power to protect each other's safety".[2] Of course, applied to ASEAN in the intergovernmental sense, the residents and police are the same state actors. Embedded in this idea is self-interest reinforcing a mutual stake in regional stability. It embodies several ideas associated with the grouping's emphasis on regional political stabilization, that is, the mutually agreed premium placed on political stability embodied in central power and regardless of each state's political processes. These ideas include: good neighbourliness, a hallmark of which is the prerequisite of "getting to know each other"; non-interference and respect for sovereignty; territorial integrity; national and regional resilience; and consensus and consultation. Strongly suggestive of these ideas are the notions that trouble-makers could come from within the neighbourhood or from elsewhere, and that member households would cultivate goodwill towards each other. Given each member state's domestic concerns with religious, ethnic and other sectarian fault lines, none is expected to be his "brother's keeper". In the event that quarrels break out between affected households, these are no business of other households, although discreet mediation is not precluded. On the other hand, members face the dilemma that they cannot always look the other way since cleavages of ethnicity and religion in a region, of porous and contested borders, carry the danger of interstate "spillovers" when domestic tensions arise.

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This state-centric diplomatic sensitivity to mutual vulnerabilities reflects ASEAN's history. The grouping came into being in 1967, during the Cold War and shortly after Indonesia ended its Confrontation against Malaysia. It eschewed the supranational road and enshrined inter-governmentalism, seeking to "become an organization for constructive and co-operative relationships between members, and for the solidarity of its members in meeting external problems".[3] In fact, it had to cope with two primary security concerns: intramural political and security issues; and managing its external environment, including the regional balance of power. Various observers have noted that ASEAN, in pursuing these security concerns, learnt to achieve a semblance of group cohesion through a "diplomacy of accommodation" and to pre-empt a regional balance of power unfavourable to itself after Vietnam invaded Cambodia in December 1978 through a diplomacy of containment.

Undeniably, the Cold War provided the "overlay" in that post-World War II (post-colonial) Southeast Asia became drawn into the superpowers' global ideological contest. Apart from Burma (now Myanmar), which remained isolated and insulated, two Southeast Asias emerged by 1975. But the security dynamic of the region was more complex. ASEAN as an indigenous variant of security regionalism reflected this need to take into account overlapping sets of local security interdependence.

With both aspects in mind, ASEAN's purpose can be examined through four lenses:

1. "post-Soekarno", from 1967 and still in operation;
2. "Indochina" (1975-89);
3. "post-Indochina", since 1989; and,
4. "post-Cold War", also since 1989.

Within this framework, ASEAN diplomacy could usefully be assessed as (a) bilateral, and (b) corporate.

Some Preliminary Observations

First, ASEAN, while not an alliance either in form or inclination, continues to evolve and adapt in order to be relevant. Secondly, ASEAN's very strength is often also its weakness, that is, it is essentially an intergovernmental association concerned with (a) subregional/regional co-operation and dispute management; and (b) shaping a regional order that is agreeable to regional and extra-regional states, which imposes periodic intramural strains. One compensating feature has been the use of informal diplomacy at senior levels, networking,

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and discreet offers to mediate in disputes. Thirdly, while there has always been a self-interested stake in promoting regional political stabilization, attempts to cobble a corporate ASEAN approach on regional security issues have an element of uncertainty simply because there "will always be differences in national interests and perceptions"[4] and, therefore, each ASEAN member will define its national security in its own terms. The individual members' perceptions of regional security might therefore be at variance over time and over issue areas. This means that the existence of ASEAN has never been predicated on the forging of a consensus on regional security. This has not necessarily been a bad thing because during the Cold War it enabled the forging of a compromise between members which openly endorsed the American security umbrella and members which espoused the non-aligned option. That said, ASEAN members on the whole held their solidarity on the Cambodian issue between 1979 and 1989.

The ASEAN founding members' task, thus, was to hew a common purpose out of their generalized as well as particularistic concerns, common fears, as well as divergent threat perceptions. By eschewing a defined security role (or even placing security on the agenda, at least until 1992), ASEAN dispensed with the need to publicly identify external threats. There also evolved discreet rules of the game that took into account members' security concerns, including towards one another. One example would be the intramural understanding that Indonesia's membership in the grouping served to constrain Indonesia's regional ambitions. To avert misunderstandings, ASEAN members restricted their military exercises with one another to the bilateral level. In addition, although no overt military alliance organization was created by the ASEAN states, security links with external powers were accepted intramurally.

At the same time, by decreeing economic and social co-operation, ASEAN emphasized the benefits of co-operation in whatever guise. The common concern with internal security threats and the spillover effect of domestic unrest gave early impetus to co-operation in border security arrangements, including the sharing of intelligence.[5] The existence of border and maritime disputes made it necessary to enshrine territorial integrity as a cardinal principle. Finally, by giving the *primary* role to the ASEAN foreign ministers, ASEAN promoted the important role of diplomacy in addressing both extramural and intramural problems.

Post-Cold War ASEAN

The ending of the Cold War, in the sense that the Soviet network of power began to collapse from 1989, reaped the so-called peace

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dividend in Europe. ASEAN leaders and defence ministries were, however, less sanguine about the events. Malaysian Prime Minister Mahathir Mohamad observed that, "[d]espite the age of the Cold War being behind us, we still do not seem to know where we are going".[6] Singapore's Defence Ministry noted that, "[t]he end of the Cold War does not mean the end of conflict".[7] ASEAN leaders began reassessing the American security role in the Asia-Pacific. Meanwhile, the economic success of Asia-Pacific entities which had chosen the market capitalism route (including China), now combined with the sharp curtailment of Soviet largesse, forced the remaining regional economies outside the Western-led trade system to redo their sums. China's early embrace of economic reforms and enterprise had made ideological contest in reality a shadow play in East Asia with the exception of the Korean peninsula. Thus, while the ending of the Cold War introduced fresh strategic uncertainty and fears of renewed local rivalries in the Asia-Pacific, the groundwork for economic dynamism had been laid earlier. This economic dynamism engendered within immediate post-Cold War ASEAN an inclusive outlook rooted in self-interest. ASEAN's agenda now called for an expanded membership (a "One Southeast Asia") and, if more cautiously, a dialogue process engaging key external players.

Bilateral Diplomacy: From Post-Soekarno to Post-Cold War

In terms of the management of bilateral relations, ASEAN seeks to promote good neighbourliness and national resilience. Good neighbourliness incorporates the values of respect for territorial integrity and non-interference in domestic issues (as noted earlier), while national resilience puts the onus on individual governments to maintain domestic political stability and socio-economic well-being. Taken together, they are intended to have a mutually reinforcing effect: co-operation over common concerns which result, in the aggregate, in sub-regional resilience.

In practice, good neighbourliness within ASEAN was severely tested in its early years (and continues to be tested, if less severely and in the context of a more robust ASEAN). To the extent that a convergence of common internal security concerns — the need to combat communist, communalist, and separatist groups — has motivated ASEAN political and security co-operation, bilateral border security arrangements have required little diplomatic attention.[8] On the other hand, to the extent that bilateral disputes and suspicions still play a part, co-operation has been hampered.[9]

On the surface, the result has been uneven consolidation of bilateral

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relations, sometimes glossed over by ASEAN's public image of diplomatic solidarity and consensus. In fact, ASEAN's formative years, with the memory of Soekarno's disruptive foreign policy still vivid, saw the slow emergence of norms aimed at promoting regional political stability.

Post-Soekarno Indonesia's commitment to regionalism was a key factor in shaping these ASEAN norms, and in setting the tone of bilateral relations. One early test was in October 1968 when Singapore had to deal with the "legacy of Confrontation".[10] Singapore — still acutely sensitive with regard to its sovereignty — stood by its law and hanged two Indonesian marines captured during Confrontation and found guilty of terrorist bombings in the island republic. In the event, despite public outrage in Indonesia and even demands for punitive military action,[11] Soeharto and his foreign minister, Adam Malik, refrained from disrupting the bilateral relationship. This gesture was reciprocated in May 1973, when Singapore Prime Minister Lee Kuan Yew, on his first official visit to Jakarta, scattered flower petals on the graves of the two soldiers at the Kalibata heroes' cemetery.[12]

In contrast to the above example, in March 1968, barely eight months after Philippine–Malaysia relations had been re-established at the ambassadorial level, the Corregidor incident erupted. Manila newspapers carried reports that a secret army of Filipino Muslims was undergoing training on Corregidor Island, with Sabah as the invasion target. Philippine congressional investigations did not establish the Philippine Government's involvement but, following an exchange of notes between Kuala Lumpur and Manila, it became clear that the Marcos government was keen to keep its claim to Sabah alive.[13] The two countries' relations deteriorated progressively. ASEAN meetings were disrupted because Philippine representatives were instructed to introduce a reservation on the Sabah claim each time, in effect forcing Malaysian representatives to stay away. Relations between the two sides were resumed only in December 1969.

Such tests of political will may be seen as part of the "learning curve" in ASEAN diplomacy. One fruit of this learning has been the development of genuine mutual respect (but not necessarily affection) among ASEAN leaders, as between Lee and Soeharto, between Lee and Mahathir, and in the mid-1990s between then Philippine President Fidel Ramos and Mahathir, and between Singapore Prime Minister Goh Chok Tong and Soeharto. Given their strong personalities, not all leaders had got along well. For example, the Soeharto–Mahathir relationship was correct rather than friendly for a long time. But, in the two years before Soeharto's resignation in May 1998, the two leaders did seem to draw closer.

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To the extent that a major original motivation for constructing ASEAN as a "neighbourhood watch group" was an acute desire among the leaders (and the foreign ministers) of the five founding countries to promote bilateral relations, to manage intramural conflict, and to preempt a spillover of domestic issues, it gave collective endorsement to the legitimacy of the government of the day and to the principle of non-interference in domestic issues. In this sense, ASEAN has to be seen primarily as an inter-governmental grouping. Moreover, this inter-governmental solidarity is fuelled by the memory of the disruptive Soekarno years. Yet, in practice, domestic matters have sometimes had a political impact on neighbours (such as the Herzog affair, discussed below), or have led neighbouring leaders to comment or act in a way which may be construed as "interfering" (as in the Anwar affair). It is important, however, not to exaggerate the divisive impact of apparent crises of unity as ASEAN leaders have demonstrated an ability to implement damage-control or to make use of diplomacy to smooth over intramural tensions.[14]

Indeed, no ASEAN leader publicly challenges *non-interference* as a guiding principle, but two positions may be discerned. The long-standing "conservative" position argues that this norm cannot be tinkered with, implying that the turbulent period of the Soekarno era may yet return because the cleavages and vulnerabilities in society remain, in some cases latent or dormant. Such a position takes the view that the ASEAN states remain at risk of unravelling. The more recent "flexible engagement" position takes the view that norms and expectations have changed and that many intramural issues now cannot be compartmentalized into domestic and external issues. It suggests that the domestic vulnerabilities have to be addressed and implies that ASEAN can only move forward if it lays to rest the memories of the Soekarno years. In this view, if Confrontation was a crucible which forged ASEAN norms, these norms were now at risk of becoming redundant and it might be necessary to forge new ones even if a period of uncertainty lay ahead.

The most active intramural co-operation in political and security terms has been among the three countries affected by Confrontation: Indonesia, Malaysia, and Singapore. This is not to argue that all three have come to love each other as neighbours; rather, that among the various clusters of intramural security relations, the one labelled the "Malay Archipelago" security complex by Muthiah Alagappa[15] seems to have put into practice the neighbourhood watch group norms most doggedly and beneficially, if not always cordially.

The Malay Archipelago (or maritime) subregional states, aware of their history of mutual suspicions and of the spillover effect of domestic

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religious or communal disturbances, have especially made efforts to promote regular bilateral dialogue among their leaders and senior officials and to co-operate in advancing subregional political stabilization. In the event of an unexpected international crisis within this subregion, efforts have been made to implement damage control. For example, the November 1986 official visit to Singapore by Israeli President Chaim Herzog provoked outrage among Muslims in Indonesia and Malaysia, and upset Malaysian Prime Minister Mahathir. But subsequent measures by the leaders of all three states to repair relations mitigated the strains in Singapore–Malaysia and Singapore–Indonesia relations.[16]

This regular interaction among leaders and officials in the maritime subregion seems to have engendered the effective use of networking. This process has been combined, until recently, with the continuity of leadership (sharing the memory of Soekarno's destructive foreign policy) which developed a convergence of core values committed to political stability, social cohesion, and economic well-being. This leadership culture is also acutely aware of the maritime subregion's mutual interdependence in economic and security terms. However, this strength is potentially a weakness in the post-Cold War period because this leadership culture also depends on personal chemistry and therefore lacks institutionalization. For example, the sudden resignation of President Soeharto in May 1998 saw Jusuf Habibie succeed him. As it turned out, Habibie was a transitional head, losing the presidential election in November 1999 to Abdurrahman Wahid. Habibie did not get on well with Singapore's leaders. He accused Singapore of not being a "friend in need" and derisively referred to it as a "red dot" in a sea of green.[17] His continued leadership would likely have led to problems in Indonesia–Singapore relations.[18]

As in overall political co-operation, overall security co-operation in the maritime subregion is comparatively impressive, although again it is subject to ups and downs. Malaysia and Indonesia initiated military-to-military dialogue, border security co-operation, and joint exercises very soon after ASEAN was established. But Singapore–Malaysia defence co-operation progressed more cautiously, and was initially conducted through the multilateral Five Power Defence Arrangements (FPDA) — also including Australia, Britain, and New Zealand. Bilateral military exercises and even those under the FPDA rubric have from time to time been affected by tensions in the political relationship.[19] An effort to overcome such uncertainty led to the institutionalization in 1994 of the Singapore–Malaysia Defence Co-operation Forum, jointly chaired by the defence ministers of the two countries. The forum's agenda is joint training and defence industry projects.[20]

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Singapore–Indonesia security co-operation had a slow start with joint naval exercises initiated in 1974, air force exercises in 1980, and land force exercises in 1989. But during the past decade, more tangible co-operation has occurred. A Memorandum of Understanding (MOU) signed in March 1989 made provision for Singapore troops to train in Indonesia. Following their successful joint development of the Siabu Air Weapons Range (in eastern Sumatra), Singapore and Indonesia proceeded, in 1991, to develop an electronic Air Combat Manoeuvring Range (ACMR) at Pekan Baru, near Siabu. The ACMR was completed in 1995. Since 1992, Singapore and Indonesia have also begun co-ordinating anti-piracy operations in their littoral waters. In the same month (August 1998) that Malaysia pulled out of an FPDA exercise, Indonesia indicated it might offer the Singapore army greater access to its training grounds, and Jakarta and Singapore resumed a major air exercise (Elang Indopura) with prospects of an expansion in its scope.[21]

On at least one occasion, a bilateral exercise in the maritime subregion seemed to have been poorly handled. Ever aware of the subregion's history of mutual suspicions since the Soekarno era, Indonesia, Malaysia and Singapore provide advanced notification of bilateral military exercises among themselves. However, Singapore felt that a joint military exercise conducted in August 1991 — at short notice — by Malaysia and Indonesia (Malindo Darsasa) involving infantry units in the southern Malaysian state of Johor, only 18 km from Singapore, was not reflective of good neighbourliness. In a show of displeasure, it responded by conducting an open mobilization of Singaporean troops during that episode.[22]

Finally, apart from the comparatively more advanced state of security co-operation in the maritime subregion, it should be noted that Thailand has had long-established border security co-operation with Malaysia, and also conducts bilateral military exercises with Malaysia and Singapore. In recent years, the Singapore air force has joined the Thai and United States air forces in their major annual Cope Tiger air exercise, and the Singapore army will join the large-scale U.S.-Thai Cobra Gold exercise in 2000.[23]

To conclude this section, Soeharto's legacy has to be put in perspective. Clearly, Indonesia's chief political executive from March 1966 till May 1998 was the dominating factor in Indonesian politics and one of the dominant factors in the ASEAN dynamic. Nevertheless, it is unnecessary for the purpose of this article to insert a "Soeharto" or "post-Soeharto" prism. As far as this article is concerned, Soeharto served as the antidote to Soekarno in terms of the ASEAN dynamic: he created the conditions for post-Soekarno subregional reconciliation and, unlike his predecessor, worked to consolidate regional trust and

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regional co-operation under a pro-Western, non-communist rubric. Similarly, as will be discussed in a subsequent section, events since Soeharto's resignation as president in May 1998 seem to highlight the risk of an unstable Indonesia with features of the Soekarno era. In other words, the ghost of Soekarno seems more stark still than the legacy of Soeharto.

Corporate Diplomacy I: Community-building among the ASEAN-6

In assessing ASEAN through the prism of bilateral relations (the post-Soekarno legacy), a core membership of the three maritime countries — Indonesia, Malaysia, and Singapore — was identified. Thailand, on the other hand, may be said to have benefited from ASEAN's corporate role as a diplomatic community during the "Indochina" period.[24] In its corporate role, ASEAN's neighbourhood concept has been expressed in terms of intramural community-building in order to manage a favourable regional order. In the context of the Cold War, this required members to co-ordinate their policies towards external actors, despite intramural differences in long-term threat perceptions of communist Vietnam and its Soviet patron. In the event, there was sufficient intramural political will and consensus to contain Vietnam after its invasion of Cambodia in December 1978. Among the ASEAN-6 (that is, the founding five plus Brunei), Thailand and the three maritime countries could be said to be the most active in the containment of Vietnam.

Vietnam's invasion of Cambodia galvanized ASEAN political co-operation and sustained its role as a diplomatic community. ASEAN lobbied the international community to condemn Vietnam and to isolate it until it agreed to pull out from Cambodia. ASEAN also came up with several initiatives, the most important of which was the United Nations-sponsored International Conference on Kampuchea, held in July 1981, which served as the basis for subsequent efforts to end the conflict.

The "Indochina" period, and hence ASEAN's specific role as a diplomatic community in support of Thailand, became less important after September 1989 when Vietnam pulled out its remaining troops from Cambodia. There was no longer a need to "contain" Vietnam, all but abandoned by the Soviet Union. By November 1990, an impoverished Vietnam began indicating that it now sought accommodation with, and even membership of, ASEAN.[25] The 1991 Paris Peace Accords and Thailand's new market-oriented policy towards Indochina also led to a review of ASEAN and its post-Cold War challenges.[26]

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Corporate Diplomacy II: Engagement and Preventive Diplomacy

To the extent that Corporate Diplomacy I constituted ASEAN's containment efforts against Vietnam, as the Cold War in Southeast Asia became less salient to the external powers, ASEAN's strategy became increasingly irrelevant. ASEAN diplomacy was due for an overhaul and hence, its emergence, as discussed in this section, may be dubbed Corporate Diplomacy II.

Between 1989 and 1991, ASEAN was presented with both exciting prospects as well as uncertainties. There were two elements. One may be called the "post-Indochina" element. So long as Indochina was embroiled in conflict, ASEAN's Indochina diplomacy may be said to be supportive of Thailand's. But a hardline stance (espoused by Thailand and Singapore) and a moderate line (by Indonesia and Malaysia) towards Vietnam had emerged within ASEAN. Following Vietnam's troop pull-out from Cambodia by end-1989, with Hanoi putting out feelers by 1990/91 that it was seeking *rapprochement* with ASEAN as a regional grouping, and with Thailand eager to seek new markets in Indochina, the future prospect of a Southeast Asia-wide regional order — a "One Southeast Asia" — all of a sudden became a possibility. At this stage, ASEAN members seemed confident that engagement with Vietnam would enhance regional stability. Vietnam, in turn, sought to allay residual fears about its Cold War strategic ambitions and was rewarded with ASEAN membership in July 1995.[27] With its admission into the fold, communist Vietnam had become a status quo member of the inter-governmental regional "neighbourhood watch group" which, until then, had identified communist-led regimes as revisionist trouble-makers in a status quo neighbourhood.

The other, and related, element may be described as the "post-Cold War" element. Although initially symbolized by the collapse of the Soviet Union, it has now come to be focused on the rise of China in the Asia-Pacific and the future of the U.S.–Japan security relationship. Within these overarching concerns, a host of issue areas now seem to link Southeast Asia to Northeast Asia, ranging from the multiparty disputes over the Spratly Islands to potential military conflict over Taiwan and in the Korean peninsula, and to the future of the U.S. military presence in the Asia-Pacific. Because these issue areas exposed the inadequacy of the balance of power mechanism in post-Cold War Asia-Pacific, new initiatives in the direction of preventive diplomacy emerged. There was now also an acute awareness that geo-economics, particularly the effects of globalization, were reinforcing Asia-Pacific interdependence.

While ASEAN had confidently undertaken engagement with Vietnam as part of the first element, this second element presented a

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new challenge to ASEAN diplomacy, and it has forced the erstwhile "cozy" neighbourhood watch grouping to embark on a process of re-examination and adaptation which has yet to be completed.

Revisiting ASEAN: The Optimistic Scenario Until 1997

Since July 1997, when the Asian economic crisis started in Thailand, a number of analysts have questioned the future of ASEAN. But it is the argument of this article that recent developments and events in Southeast Asia have not rendered the idea of ASEAN as an inter-governmental "neighbourhood watch group" invalid but have presented new challenges in its implementation. The arguments that follow suggest that some element of fear about regional instability may yet prove to be an incentive to members in preserving a sense of corporate purpose.

With the end of the Cold War, there had seemed to be an imperative for ASEAN to consolidate into an enlarged grouping, and with the possibility of an emerging Southeast Asian identity. Following its withdrawal from Cambodia, Vietnam, accepted as a status quo state, as already argued, was now seen as a positive contributor to the "neighbourhood watch group" concept in which territorial integrity and sovereignty under the rule of the incumbent élite were taken as given. In turn, this enlarged ASEAN-7 would serve as the basis for "regional political stabilization" and facilitate the entry of Laos and Cambodia into the fold, in the same manner that a stabilized ASEAN-5 had, by 1984, provided assurance to the mini-state of Brunei that it could confidently join the grouping. Indeed, Laos was very keen to join ASEAN. Only Cambodia, still embroiled in domestic political uncertainty, seemed some years away from joining the Association, but the assumption was that this would eventually be possible. As for maritime Southeast Asia, it was *the* model for "post-Soekarno" inter-governmental bilateralism, which continued to ensure that problems among the three states – Indonesia, Malaysia and Singapore — were kept under control. Where necessary, the top leaders of the three states continued to step in to resolve contentious issues. The idea that Indonesia would become ASEAN's most pressing problem was not on the radar screen.

More problematic but also not seen to be insurmountable were the "post-Cold War" imperatives, which grew from economic, financial, and security concerns. By the early to mid-1990s, the ASEAN-6 had become aware that the effects of a post-Cold War globalizing economy included the growing impact of short-term capital flows, the danger to free trade from regional blocs elsewhere, and the competition from new

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emerging cheap-labour economies in the Asia-Pacific. ASEAN members foresaw that they risked losing out in the global competition for markets and capital flows; they needed a blueprint to draw continued trade and investments into their region, that is, to overcome trade/investment diversions. Their response was the creation of the ASEAN Free Trade Area (AFTA), first mooted in October 1991 but launched only in January 1994.[28]

AFTA is important as ASEAN's response to the new economic conditions, that is, as a vehicle to promote norms of regional economic co-operation to strengthen institutional cohesion, and to promote further initiatives like the ASEAN Investment Area (AIA). With the end of the Cold War, ready access to foreign markets and investment flows could no longer be taken for granted by ASEAN members. Western markets had become less accessible, amidst the danger of a breakdown in the liberal global economy and the rise of regional economic blocs. Moreover, the collapse of communism and the emergence of China's and India's economies had created other rival centres which attracted capital, investments and markets. At stake now was ASEAN members' economic viability which provided the basis for their political stability. The new post-Cold War agenda of coping with investment diversion away from ASEAN now carried a sense of urgency.[29]

AFTA was also a "training ground" for ASEAN members to integrate more fully into the global economy.[30] But ASEAN-wide frameworks like AFTA may be inadequate to deal with the new economic conditions. Intra-ASEAN trade remains weak and ASEAN members are more often economic rivals than collaborators. At the 1999 ASEAN summit in Manila, Malaysia went against the spirit of compromise on the dismantling of intramural tariff walls by backtracking on its commitment to open its automotive industry to free trade.[31] More such examples of economic nationalism may surface within ASEAN rather than dissipate.

Still, the economic logic of AFTA had led ASEAN members in the early 1990s to reinvigorate the idea of a Southeast Asia-wide community and this, in turn, led to overtures towards Myanmar. The more enthusiastic ASEAN members saw Myanmar as a new prospect for trade and investment opportunities while the more cautious ones were uneasy with Myanmar's growing closeness to, and dependence on, China. However, ASEAN members optimistically expected Myanmar to follow Vietnam's example, that is, to value the economic and other benefits that membership of the club could confer, to bring a measure of relief from its international pariah status, and to leverage ASEAN if necessary against China's growing power and influence. Moreover, ASEAN members expected to present Myanmar's Western critics with a

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fait accompli. On the one hand, ASEAN projected a post-Cold War image of a new regional bloc to be reckoned with, given its combined market of some 500 million people. On the other hand, ASEAN leaders also began to feel confident that they could persuade the Myanmar regime's leaders into projecting a less oppressive image to the outside world, in terms of the regime's handling of its domestic opponents. On this optimistic assumption, ASEAN invented yet another diplomatic code word: "constructive engagement" with Myanmar; and in July 1997, Myanmar joined ASEAN.

Thus, since 1967 up to the eve of the 1997 Asian economic crisis, the ASEAN neighbourhood watch approach seemed to work. Among the ASEAN-6, the clubby familiarity among the leaders of at least four members — Indonesia (Soeharto), Malaysia (Mahathir), Singapore (Lee Kuan Yew/Goh Chok Tong), and Brunei (Hassanal Bolkiah) — provided a stabilizing ballast to the grouping. Ferdinand Marcos of the Philippines was a member of this club of strong leaders until the "People's Revolution" of February 1986 forced him to flee the country. Although Thailand had had a succession of leaders since 1967, at least until and including Anand Panyarachun's caretaker premiership stints between 1991 and 1992, the combination of forceful Thai leaders and ASEAN-centred Thai foreign ministry officials ensured that Bangkok played an active part in ASEAN corporate policy-making and intramural dispute management. The exception during this period was that of the Chatichai administration (August 1988-February 1991), when ASEAN unity was tested by unilateral Thai moves to initiate *rapprochement* with Vietnam and Cambodia.[32]

Moreover, since the end of the Cold War and until July 1997, ASEAN seemed to have found a new, if still fluid, "glue" in the form of its economic rationale in the face of a globalizing world economy. To the extent that the optimistic scenario was holding, ASEAN, in embarking on both "broadening" (membership enlargement) and "deepening" (movement towards economic and other policy harmonization and consolidation) seemed to have found a compelling logic for promoting co-operative endeavours with former Cold War rivals (and Myanmar). The former Indochinese states led by Vietnam were now attracted to the ASEAN model of economic and political co-operation. Vietnam, in particular, now acknowledged that security and economic interdependence had become part of an integral process. Economic reform in the former Indochinese states — with efforts to transform their command economies to market economies — had become necessary.

In other words, with the end of the Cold War, the former Indochinese states found themselves drawn to the logic of economic

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imperative and incentive, or what George Quester has called the "power of economics".[33] By *economic imperative* is meant a situation in which integration into the increasingly globalized economic system is no longer a matter of choice; *economic incentive* refers to the idea that "the prospect of a continuing mutually profitable trade relationship discourages war, or even threats of making war".[34] Economic success was now recognized as a vital national requirement, together with military security. Much of ASEAN's corporate activities in the economic sphere has, since AFTA was first mooted, been predicated on this optimistic assumption of the "power of economics".

Revisiting ASEAN: The Crisis of Confidence Since 1997

A number of commentators have observed that the 1997–98 Asian economic crisis weakened all the ASEAN members, especially Indonesia, provoked intramural political tensions, exposed the badly-hit members' lack of concern with financial transparency, and distracted the grouping from maintaining unity on major regional issues, such as the multiparty claims to the Spratly Islands. The recent intramural political tensions, especially the "Anwar affair", seemed to breach the grouping's non-intervention principle. Finally, the weakening of central power and subsequent instability in Indonesia, which has already led to the "loss" of East Timor, carries the potential of destabilizing Southeast Asia if other Indonesian provinces, led by Aceh, continue to agitate for independence.

From the perspective of this article, the idea of ASEAN as principally a neighbourhood watch group remains valid. However, as examined below, its ambit will now have to cover not just regional political (and economic) stabilization but also regional financial stabilization.

To reiterate, an NWG is not flawless in operation; indeed, the ASEAN neighbourhood watch group is dependent on assumptions and/or conditions which may be tenuous. These have been enumerated earlier in this article but may be summarized as mutual élite support and policing of the neighbourhood to maintain regional stability. Clearly, the 1997 crisis has highlighted the need to adapt this "one for all, and all for one" neighbourhood watch idea, to take into account also new issues such as those arising from the economic crisis.

On both new and long-standing issues, the impression has been created that ASEAN has been less than united. This requires proper and balanced examination.[35] One analyst argues that, on the one hand, ASEAN has faced and overcome tests to its unity before; on the other hand, additional challenges have now emerged from the changing

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nature of international finance, different practices of international relations since the end of the Cold War, and the growth of civil society in member states.[36]

ASEAN members' stance on the Philippine–China row over Mischief Reef and other Spratly atolls is a case in point. In April 1995, the Philippines was able to secure corporate unity over Mischief Reef during ASEAN–China talks in Hangzhou. (Manila had discovered Chinese structures on the Reef in February 1995.) In November 1998, China reinforced the Mischief Reef structures, provoking renewed Philippine protests and calls for fellow ASEAN members' support. But this situation came at a time when ASEAN was distracted by the Asian crisis. Thus, some ASEAN members only raised the matter with China bilaterally at their December 1998 summit in Hanoi. The impression has been created that ASEAN has failed to make corporate representations to China since 1998. However, given that several ASEAN members are themselves party to the Spratlys dispute, it would be unfair to expect the grouping to persistently back the Philippines. ASEAN needed, however, to promote an initiative that would have some degree of ASEAN-wide support. Its "code of conduct" proposal, submitted at the November 1999 Manila summit, represents the most feasible corporate action in addressing Chinese activities in the Spratlys. In fact, ASEAN's proposal has since led to a Chinese counter-proposal, described by the *Far Eastern Economic Review* as a "softening of its stance". ASEAN's soft approach, given the complexity of the issue, may yet yield some positive outcome.

On the issue of intramural "interference", ASEAN leaders have in fact commented on each other's domestic matters in the past. They might have their own agendas when they "interfere" in each other's affairs but they have usually been careful to make their point and then let diplomacy smooth out any ruffled feathers. In the case of the Anwar affair, following the arrest of the internationally popular Malaysian deputy prime minister on sexual and corruption charges in September 1998,[37] a serious breach in ASEAN unity seemed to have occurred. Then Indonesian President Habibie and Philippine President Joseph Estrada expressed sympathy for Anwar, and both even contemplated boycotting the APEC (Asia-Pacific Economic Co-operation) summit in Kuala Lumpur scheduled for November that year. Other ASEAN leaders also commented on the issue, if less outspokenly. In fact, as already noted, there have been sharp exchanges between ASEAN leaders in the past. Arguably, in this recent example, ASEAN leaders spoke out because Malaysia had breached an unwritten norm regarding the treatment of former political leaders.[38]

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On the question of financial issues, any appeal to corporate action by invoking ASEAN unity was meaningless when the Asian crisis began unfolding from mid-1997. Individual ASEAN countries did help the more badly affected members on a bilateral basis. But it has become clearer now that ASEAN members have to act individually and collectively to face the new economic challenges. Not only did capital stampede out after July 1997 but the global market had come to see all of Southeast Asia as one region, creating a herd-like effect in investors' decision-making.

In the event, ASEAN members did act to face this new challenge. Ironically, ASEAN finance ministers met officially for the first time in March 1997.[39] After the crisis broke, they met several times more and by November 1997 had created the so-called Manila Framework.[40] Among the main points fleshed out by then, ASEAN leaders recognized that other international actors were key players, and that ASEAN members should remain committed to free trade and accept the need for reforms. An ASEAN regional financial surveillance mechanism was also approved. In place since March 1999, it involves a peer-review process and exchange of information on such financial matters as critical macroeconomic indicators, albeit on a voluntary basis.[41] Although this financial mechanism does not have enforcement power, it is a tentative "radical" step for ASEAN in the direction of previously uncharted waters.[42]

Neighbourhood Watch and the East Timor/Aceh Crises

Indonesia is clearly a linchpin in the ASEAN neighbourhood watch grid. Its geopolitical importance to regional states and to the major powers stems from the location of several key straits — transit passages and choke points — within its waters. It is a littoral state, together with Malaysia and Singapore, of the Malacca Strait. During the latter part of the Soekarno era (1945–66), the neighbourhood was rendered unstable because the Indonesian leader chose to meet the challenge from domestic political forces by invoking ultra-nationalism, an anti-Western foreign policy, and eventually a campaign of Confrontation against the newly formed Malaysia. In contrast, during the Soeharto era (1966-98), Indonesia — the world's most populous Muslim country — became a stabilizing factor in the neighbourhood. In a recent interview, Singapore Senior Minister Lee Kuan Yew, when asked to comment on how important a stable Indonesia was to the stability of the whole region, said: "Indonesia was a great stabilizer and encouraged investments throughout the region because President Soeharto concentrated on economic

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development and that created the climate of confidence for the whole region."[43]

The fall of Soeharto in May 1998 amidst the Asian economic crisis and growing domestic challenges to the institutions of authority, including the armed forces, led to a leadership vacuum and a spiral of unrest throughout the 13,000-island archipelago. In terms of the ASEAN dynamic, suddenly, this "great stabilizer" of the past three decades was deeply wounded, and the ability of ASEAN to function effectively as a neighbourhood watch group was being tested severely. Economic prosperity is, of course, a key ingredient in political stability. Moreover, "post-Soekarno" Indonesia under Soeharto provided a leadership of sorts to the grouping and, more importantly, was able to keep in check tensions within the Indonesian polity.

However, renewed separatist activism in several parts of Indonesia became alarming only after President Habibie had decided in May 1999 to allow East Timor to have a United Nations-supervised referendum which offered the option of either autonomy or independence. By then, other ASEAN leaders were visibly alarmed, and their fears seemed justified by the killing rampage by anti-independence militia that followed the referendum. But while the East Timor crisis was significant in clearly exposing ASEAN's vulnerability as a collective institution, it need not have represented a threat to Indonesia's unity if only it had been more carefully managed. Domestic and international opinion then was that East Timor had never been Indonesia's sovereign territory, unlike the other provinces. But Jakarta's unwillingness to rein in the military-backed militias led to international demands for external intervention. Faced with a *fait accompli*, Jakarta relented and allowed the Australian-led International Force East Timor (INTERFET) to restore order and stability.

A further deterioration in Indonesia's role as a "great stabilizer" within ASEAN cannot be ruled out, given the clamour within Aceh for independence. Importantly, it has finally prompted "positive" corporate interference by ASEAN ("positive" in the sense that it was welcomed by Indonesia) in support of the neighbourhood watch objective of regional political stabilization. This "positive" interference was initiated by Singapore Prime Minister Goh Chok Tong at the third informal ASEAN plus Three summit in Manila, in November 1999. Goh had wanted the ASEAN foreign ministers to issue a statement in support of Indonesia's territorial integrity. Although what eventuated was a single paragraph in the statement issued by President Estrada as summit chairman, the message was conveyed to would-be separatists in the ASEAN region that there was likely to be no support from the ASEAN-10 or China, Japan and South Korea, regardless of, say, pressure

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from the West (which would not be forthcoming in any event). On the other hand, the paragraph only sanctioned "peaceful and conciliatory means" to resolve the dispute, thus signalling that violations of human rights by the central authority would be held to account by the international community.[44] Yet another paragraph, the initiative of Thailand, created an ASEAN troika at the ministerial level "in order that ASEAN could address more effectively and co-operate more closely on issues affecting peace and stability of the region".[45]

These initiatives remain to be tested. But with the two paragraphs in the 1999 summit statement reaffirming ASEAN members' stance on territorial integrity (while accepting that East Timor is preparing for statehood under United Nations supervision) and attempting to put in place a crisis-management mechanism, ASEAN has sought to reassert its primary role as a neighbourhood watch group. At the same time, by winning the endorsement of the "plus Three" initiative, the summit statement may also be seen as a corporate act of solidarity by ASEAN members on behalf of a fellow member under threat of internal instability. Although the Indonesian crisis initially left ASEAN paralyzed, the grouping seems to have since renewed efforts to forge a new sense of purpose and unity. The other challenge for ASEAN is, of course, to stay the course for its developmental objective and to co-operate collectively on financial reforms.

Conclusion

In an interview, ASEAN Secretary-General, Rodolfo Severino, insisted that "ASEAN has to be measured against the purposes that it has set for itself and the limitation that it has imposed upon itself. ASEAN has to be judged by the results that it has produced in pursuit of those purposes and under those limitations, not against the wishes or expectations of others."[46] This article has argued that ASEAN's core purpose remains that of an inter-governmental neighbourhood watch group. Its primary function is to serve as a reminder to members that they all have a stake in ensuring regional political stabilization.[47] This function was well understood by the founding fathers, who nurtured bilateral diplomacy and personal networking. To the extent that forging a consensus on regional security was fraught with difficulties, corporate diplomacy in support of members was pursued with care, given the limitations. ASEAN achieved a good measure of success as a diplomatic community in support of Thailand to deny Vietnam the fruits of its invasion of Cambodia in December 1978.

With the end of the Cold War, ASEAN embarked on expansion and consolidation, on the optimistic assumption that while challenges lay

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ahead, these were not insurmountable. The assumptions that underpinned ASEAN as an NWG seemed to be viable still. The "Indochina" era had ended, and under Soeharto, the "Soekarno" era seemed to have been laid to rest too. Thus, two key regional players in the post-Cold War era, Indonesia and Vietnam, were status quo states committed to territorial integrity and regional political stabilization. The original ASEAN-6 members were confident that Vietnam and the other new members would be strong advocates of the NWG concept on the basis of self-interest. ASEAN members saw the post-Cold War global economy as throwing up the challenge of trade-creation and investment-attraction, and predicated their new economic purpose on the "power of economics". This purpose, it was felt, could strengthen both bilateral relations and ASEAN-wide co-operation.

ASEAN members did not expect the Asian economic crisis that began in July 1997 to hit it so hard, and to expose their vulnerability to international capital flows. They were also unprepared for the extent of the political and social disruption wrought by the crisis. While it cannot be denied that ASEAN was not equipped to deal with the economic, and socio-political crises on a corporate basis, the crises serve as a reminder that an ASEAN community is still far off, and that self-interest still drives members' commitment to political, economic and social stability in the region. Moreover, the crises have persuaded ASEAN members to operationalize co-operation on regional stability to encompass financial stability as well. This requires internationally accepted practices, the creation of transparent financial institutions, and some degree of surrender of sovereignty. One may justifiably be optimistic on this point: against the earlier conventional wisdom, ASEAN has endorsed the need for regional surveillance of macroeconomic performance.

The East Timor crisis repositioned Indonesia as a focal point of regional stability; it also compelled ASEAN to re-examine issues of domestic governance with an urgency which Western criticisms of Myanmar had earlier failed to provoke. In this sense, ASEAN's fundamental purpose was tested severely. The East Timor crisis strained the neighbourhood watch grouping, and a new fragile state in the neighbourhood will make new demands on ASEAN.[48] How Indonesia handles the Aceh issue will also affect the future of ASEAN. New rules of the game may be needed. A necessary condition of ASEAN's cohesion was the territorial and political unity of a team-playing, strategically-located Indonesia. ASEAN in its present Southeast Asia-wide form will not survive a breakup of Indonesia. For now, given a political willingness within the Indonesian polity to seek accommodation all round, such a bleak scenario may yet be averted.

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The 1999 informal summit was interesting because, on the one hand, there was a reaffirmation of ASEAN members' "one for all, all for one" stake in each other's territorial integrity. On the other hand, both intramural and international pressures have forced them to reserve the right to withdraw such support if a fellow member breached human rights norms within its borders in pursuit of territorial unity. ASEAN will have to avoid being caught between a rock and a hard place. Writing in the *International Herald Tribune* on 25 November 1999, ASEAN's Secretary-General was compelled to recall a less complicated past before launching into a more optimistic forecast: "Looking back over the 30 years since ASEAN was founded, the progress we have achieved is remarkable. We have maintained uninterrupted peace and stability among our member states and have lived by sound and solid principles — unity in diversity, consultation and consensus. ASEAN is committed to meeting the challenges of globalization in the new millennium."[49]

NOTES

1. This term was used by Eric Teo Chu Cheow, an international banker who was formerly a Singapore diplomat. See his "The Dynamics of ASEAN", *Asian Affairs* 1, no. 2 (Winter 1997/98): 20.
2. Extracted from the mission statement, "Welcome to Syracuse Neighbourhood Watch", issued by the City of Syracuse (New York) Police Department on behalf of the Neighbourhood Watch Groups of Syracuse, at http://www.syracuse.ny.us/syrmayor/Services/Police/neigwatch.html, accessed on 3 February 2000.
3. Reuter News Service, 13 April 1995, quoting *Jakarta Post*.
4. Lee Kuan Yew, quoted in *Straits Times*, 3 July 1987.
5. See, for example, Sheldon W. Simon, *The ASEAN States and Regional Security* (Stanford, Calif.: Hoover Institution Press, 1982).
6. *Far Eastern Economic Review*, 9 August 1991.
7. *Defence of Singapore 1992-1993* (Singapore: Ministry of Defence, 1992), p. 64.
8. B.A. Hamzah, "ASEAN Military Co-operation Without Pact or Threat", *Asia Pacific Community*, no. 22 (Fall 1983), pp. 33-47.
9. Hans H. Indorf, *Impediments to Regionalism in Southeast Asia: Bilateral Constraints Among ASEAN Member States* (Singapore: Institute of Southeast Asian Studies, 1984).
10. Michael Leifer, *ASEAN and the Security of Southeast Asia* (London and New York: Routledge, 1989), p. 39.
11. Arnfinn Jorgensen-Dahl, *Regional Organization and Order in Southeast Asia* (New York: St. Martin's Press, 1982), p. 107.
12. For a summarized account by Lee Khoon Choy, Singapore's former ambassador to Indonesia, of his role in the behind-the-scene developments leading to Lee Kuan Yew's first state visit to Indonesia, see the "Introduction" to his *Diplomacy of a Tiny State*, 2nd ed. (Singapore: World Scientific, 1993), pp. 1-30.
13. Jorgensen-Dahl, op. cit., pp. 197-98.
14. For some cautionary advice against rushing to quick judgement about ASEAN's resilience, see John Funston, "Challenges Facing ASEAN in a More Complex Age", *Contemporary Southeast Asia* 21, no. 2 (August 1999), especially pp. 207-9.

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15. The security complex idea was suggested by Barry Buzan. See his "The Southeast Asian Security Complex", *Contemporary Southeast Asia* 10, no. 1 (June 1988): 1-16. A security complex or security cluster is made up of a group of states whose individual national securities cannot be meaningfully addressed or analysed in isolation from those of the others in the group. Alagappa, in applying this idea, disaggregated the Southeast Asian complex into several sub-complexes. Alagappa's Malay Archipelago sub-complex comprises Brunei, Indonesia, Malaysia, and Singapore. See his "The Dynamics of International Security in Southeast Asia: Change and Continuity", *Australian Journal of International Affairs* 45, no. 1 (May 1991): 1-37.
16. For a summary of the Herzog affair, see Michael Leifer, *Dictionary of the Modern Politics of South-east Asia* (London and New York: Routledge, 1995), p. 108.
17. Interview, *Asian Wall Street Journal*, 4 August 1998.
18. However, a few days after the interview with the *Asian Wall Street Journal*, Habibie told visiting Singapore Second Defence Minister Teo Chee Hean that he had a "vested interest" in building good relations and close ties with Singapore. *Straits Times*, 7 August 1998.
19. For example, Malaysia unilaterally cancelled a joint naval exercise (Malapura) in 1990. Cited in N. Ganesan, "Malaysia-Singapore Relations: Some Recent Developments", *Asian Affairs: An American Review* 25, no. 1 (Spring 1998): 29. In August 1998, Malaysia pulled out of an FPDA exercise in the South China Sea, citing budgetary problems as a result of the Asian economic crisis, but analysts saw it as a spillover from Singapore-Malaysia political tensions. Eight months later, in April 1999, however, the two countries conducted a joint defence exercise under the FPDA rubric. See Sheila McNulty, "KL Cools Spat with Singapore", *Financial Times*, 14 April 1999.
20. Reuters News Service, 25 October 1994.
21. *Straits Times*, 7 and 26 August 1998.
22. *Straits Times*, 10 August 1991.
23. *Straits Times*, 14 January 2000.
24. Leifer, op. cit.
25. *Far Eastern Economic Review*, 22 November 1990.
26. For a discussion of Thailand's new business-oriented approach, see Katharaya Um, "Thailand and the Dynamics of Economics and Security Complex in Mainland Southeast Asia", *Contemporary Southeast Asia* 13, no. 3 (December 1991): 245-70.
27. *Straits Times*, 29 July 1995.
28. Paul Bowles, "ASEAN, AFTA and the 'New Regionalism'", *Pacific Affairs* 70, no. 2 (Summer 1997): 219-33.
29. Ibid., p. 224.
30. Hadi Soesastro, "ASEAN Economic Co-operation in a Changed Regional and International Economy", in *ASEAN in a Changed Regional and International Political Economy*, edited by Hadi Soesastro (Jakarta: Centre for Strategic and International Studies, 1995), p. 2.
31. Al Labita, "ASEAN wants to do too much, too fast", *Business Times* (Singapore), 8 December 1999.
32. Donald E. Weatherbee, *ASEAN After Cambodia: Reordering Southeast Asia* (New York: The Asia Society, 1989).
33. George H. Quester, "The United States and Asia After the Cold War", in *Southeast Asian Affairs 1994* (Singapore: Institute of Southeast Asian Studies, 1994), p. 42.
34. Ibid.
35. See, for example, Etel Solingen, "ASEAN, Quo Vadis? Domestic Coalitions and

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Regional Co-operation", *Contemporary Southeast Asia* 21, no. 1 (April 1999): 30-53; Michael Wesley, "The Asian Crisis and the Adequacy of Regional Institutions", *Contemporary Southeast Asia* 21, no. 1 (April 1999): 54-73; and John Funston, "ASEAN: Out of Its Depth?" *Contemporary Southeast Asia* 20, no. 1 (April 1998): 22-37.

36. Funston, "Challenges Facing ASEAN".
37. For one analysis, see John Funston, "Malaysia: A Fateful September", *Southeast Asian Affairs 1999* (Singapore: Institute of Southeast Asian Studies, 1999), pp. 165-84.
38. Funston, "Challenges Facing ASEAN", p. 210.
39. International Monetary Fund director Michel Camdessus also attended this meeting.
40. This meeting was attended by the original ASEAN-6 plus other major states including the United States, Japan, and China.
41. Surin Pitsuwan, "Heeding ASEAN's Legacy", *Far Eastern Economic Review*, 17 February 2000.
42. For a discussion of other ASEAN initiatives on trade, finance and investment matters, see Wesley, op. cit.
43. Interview with *Los Angeles Times*, reprinted in *Business Times* (Singapore), 8 December 1999, headlined "New dimensions to the rise of the Asian century".
44. *Straits Times*, 28, 29 and 30 November 1999.
45. *Straits Times*, 29 November 1999; ASEAN Summit Chairman's Statement, *BBC Worldwide Monitoring*, 1 December 1999.
46. "Thinking ASEAN", Interview with ASEAN Secretary-General Rodolfo Severino, *Philippine Graphic Magazine*, 29 November 1999. Accessed from ASEAN website, 13 December 1999 (http: //www.aseansec.org/secgen/articles/sg_gqa.htm)
47. This idea of "helping neighbouring governments and countries" in the manner of a mutual support group is seen as the "essence" of ASEAN by one analyst. Funston, "ASEAN: Out of Its Depth?", p. 27.
48. In the aftermath of the 30 August referendum and as pro-Indonesian militiamen were wreaking havoc, one exiled East Timor leader, Jose Ramos-Horta, said he stridently opposed membership in ASEAN for the future mini-state. He also observed that ASEAN members had all along been sympathetic towards Indonesia rather than East Timor. But by December 1999, he had softened his stance and said an independent East Timor was likely to seek early membership in ASEAN, and to improve relations with Indonesia. Michael Richardson, "East Timor now looks to ASEAN", *International Herald Tribune*, 8 December 1999.
49. Rodolfo Severino Jr., "Listen to Southeast Asia in Seattle", *International Herald Tribune*, 25 November 1999.

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The Reform of the Indonesian Armed Forces

DAMIEN KINGSBURY

Indonesia's armed forces have played a dominant role in domestic politics from 1957 under their so-called "dual function". While the armed forces consolidated in the early Soeharto period, a significant faction later came to challenge his authority, contributing to his resignation from the presidency. This marked the beginning of the armed forces' reform movement, and its transition away from the political arena. Despite its reform orientation, under the Habibie presidency the armed forces were a stronger (and united) political actor. This carried over into the presidency of Abdurrahman Wahid. However, as a consequence of the reform movement within the armed forces and with the assistance of Abdurrahman, the armed forces have splintered into several factions. This factionalism has given greater strength to the reform movement within the armed forces, and may contribute to the strengthening of democracy in Indonesia.

Introduction

When Indonesian President Abdurrahman Wahid (Gus Dur) "suspended" Coordinating Minister for Politics and Security, General Wiranto, on 14 February 2000, he marked what was seen by many as a new direction in the political role of Indonesia's military. By extension, this act also signified a critical juncture in Indonesian politics. For two weeks Wiranto had refused Abdurrahman Wahid's request to resign over being implicated in the bloody carnage surrounding East Timor's vote for independence and, briefly, Gus Dur

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appeared to accede. But the President did an abrupt about-face and relieved Wiranto of his Cabinet position. This action followed weeks of open speculation about a possible military coup against Gus Dur, and, although many ambiguities remained, it appeared that Gus Dur had triumphed over Wiranto.[1]

While Wiranto was in the Cabinet, he was effectively equal to the most powerful person in Indonesia. Despite having been removed from his position as armed forces chief in October 1999, Wiranto still retained a strong grip over the Tentara Nasional Indonesia (TNI, or the Indonesian National Military),[2] which had its own firm grip over Indonesian political society. The TNI had played a pivotal role in Indonesian politics, in particular through its so-called *dwi fungsi* (dual function) of engagement in civil and military affairs.[3] However, as Indonesia moves through its transition towards democratization, the role of the TNI as a political participant has been identified as a major impediment to that process.

Yet, throughout the post-Soeharto period, at a time of continuing unprecedented political change, the TNI had also been reinventing itself. This process had begun before the fall of Soeharto and had deep roots in divisions within the armed forces, particularly between what was known as the "professional" as opposed to "financial" officers.[4] It was a later manifestation of this division that finally undermined Soeharto's presidency and led, via the economic collapse it precipitated,[5] to his resignation. The question remained, however, whether or not the changes that were taking place in the TNI marked a broad shift in commitment to its previous politically active policy. Most of the signs were that the TNI had partly shifted its style, but was only slowly shifting its substance. After a period of relative unity, the TNI had again fractured and there were competing visions for its future, with a more genuinely reformist movement aimed at political disengagement gaining ground.

The TNI in Decline?

It was suggested, after the fall of Soeharto as President in May 1998, that the TNI (then called ABRI, Angkatan Bersenjata Republik Indonesia, or the Armed Forces of the Republic of Indonesia)[6] enjoyed little public support and, without the support of Soeharto, was seriously weakened as a political institution. In particular, many commentators claimed that ABRI had come into public disrepute and that this had weakened its standing as a state institution.

This analysis was flawed for two reasons. The first is that ABRI had not, since the late 1950s, relied on popular support to legitimize its role

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as a political actor. It might have used such rhetoric for the purposes of propaganda, but popular discontent with many of ABRI's activities never manifested itself in a reflexive policy response. Secondly, such analysis did not take into account the role of the majority Red and White (nationalist-secular) faction (*Fraksi Merah-Putih*) of ABRI in Soeharto's fall, nor did it take into account the significant weakening of the presidency as a political institution. Indeed, in the early period of the Habibie presidency, the Red and White faction consolidated control within ABRI under the leadership of General Wiranto, displacing senior officers loyal to the Green (pro-Soeharto, and pro-Islamic) faction headed by Soeharto's son-in-law Lieutenant-General Prabowo Subianto. Even if it could be claimed that ABRI had been weakened, it remained a relatively stronger political force *vis-á-vis* the presidency than it had been under Soeharto.[7] The most obvious illustration of this was the role of the TNI in East Timor, against the explicit wishes of President Habibie. There is no doubt that elements of the TNI orchestrated the campaign of violence and intimidation of the East Timorese people in the lead-up to the territory's ballot on self-determination and that it was deeply implicated in the orgy of violence and destruction that followed that ballot.

However, following the democratic general elections in Indonesia in June that year, in October 1999 both elected and appointed representatives chose a new president, Abdurrahman Wahid. Gus Dur increasingly moved to limit the political power of Wiranto and the TNI, not only removing Wiranto as head of the TNI and later "suspending" him from the Cabinet, but also signing the documents that would end his commission in the TNI. To end Wiranto's commission, Abdurrahman also had to end the commissions of other serving generals, despite their more reformist credentials, as a balance to Wiranto — that is, Gus Dur appeared to regard the commissions of other ministers from the TNI as expendable if it helped to end Wiranto's own commission.

There was some belief after the election of Gus Dur that the TNI might be more pliable. Senior figures within the TNI had close links to Gus Dur and to his on again-off again ally, Megawati Soekarnoputri, through the Centre for Strategic and International Studies and related individuals and institutions.

However, there were a number of instances in the post-October 1999 period when the balance of political power in Indonesia still seemed to be as or even more firmly with the TNI as it had been during the latter part of Habibie's presidency. It will be argued that the balance of power later began to shift towards the presidency, primarily because the TNI had splintered. In part, this splintering was a product of Gus

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Dur's moves to rein in the TNI, and the effective corralling of General Wiranto's power, but in part it also reflected different streams of influence and other tensions within the TNI.

Illustrations of the continuing influence of the TNI included the occasion when, after Gus Dur announced in November that the troubled province of Aceh could hold a referendum on independence, he was immediately contradicted by then TNI chief spokesman, Major-General Sudrajat. He said that the President did not have the authority to make such a policy and that the matter would have to be referred to the People's Consultative Assembly (MPR). Gus Dur later said that he would offer Aceh the option of applying Shariah (Islamic) law, which was quite different from his earlier proposition. There were other instances of Wiranto exercising undue influence over the so-called democratic political process. These included organizing and authorizing the biggest reshuffle of the TNI's senior positions in several years,[8] without consulting either Gus Dur or the Defence Minister, Juwono Sudarsono. Wiranto's office also issued a press release under Gus Dur's name that asked the security forces to take necessary measures to control the situation in Aceh and Ambon.[9]

Wiranto also exercised a guiding, if not controlling, hand in Cabinet meetings until his suspension in February 2000. Juwono said that in Gus Dur's Cabinet meetings, Wiranto sat at Gus Dur's right hand and chaired the meetings, deciding the agenda and laying out the policy options.[10] Other Cabinet ministers, mostly newcomers, were too intimidated by Wiranto to oppose him. "Wiranto on occasion becomes effectively the president and the vice-president at the same time,"[11] Juwono said. Beyond that, neither Wiranto nor the Cabinet ministers, such as Lieutenant-Generals Yudhoyono and Agum Gumelar, accepted the idea that they resign their commissions, as required both under law and under the TNI's "New Paradigm". As the balance of power shifted in early 2000, however, Gus Dur ordered that their commissions be terminated. In all, these moves constituted at least a precarious balancing act by Gus Dur in which he recognized the continuing power of the military and its ability to hold on to aspects of national policy which it had traditionally considered as part of its *dwi fungsi*.

At a time when many were calling for a reduced role for the TNI, it also did well in the formation of Gus Dur's new government, receiving five ministries as well as having close supporter, Juwono Sudarsono, appointed as Defence Minister. Juwono had earlier been head of the TNI's think-tank, the National Resilience Institute (Lemhanas), prior to being appointed twice to the Cabinet, and had long been a supporter of the Red and White faction. Lemhanas is primarily responsible to the TNI for training its military lecturers and for providing support

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material.[12] As long ago as 1993, Juwono had indicated that he strongly supported the reformist goals of what later became known as the Red and White faction, including the removal of Soeharto from office.[13] His appointment as Defence Minister was recommended to Gus Dur by Wiranto, indicating that while Juwono was a civilian he was in practical terms very close to the TNI's core group. Claims that Juwono's appointment to the position of Defence Minister somehow represented a "civilianization" of the TNI reflected the limited understanding of the commentators (mostly foreign journalists) at that time of Juwono's links to the TNI.

Juwono affirmed his commitment to the TNI when, on 22 November 1999, he asked the House of Representatives (DPR) to grant a 62 per cent increase in the 2000-2001 budget allocation for the TNI and the police.[14] While conceding that the requested increase was significant, Juwono said that past inadequate budgetary allocations had forced the TNI into extra-military business activities. He said: "We have seen in the past that the military's involvement in politics, bureaucracy and business was due to its insufficient budget."[15] Juwono also affirmed his commitment to Wiranto by defending him against charges related to the East Timor ballot. He said that he did not believe Wiranto was guilty of any offences and was critical of "the court of public opinion" and the United Nations investigation into such alleged offences.[16]

Juwono later confirmed that while as minister he was in theory responsible for the TNI, his position was at best still in the process of becoming substantive. He said: "I would like the commander of the forces to be subordinate to me". "That would be my long term goal."[17] Juwono acknowledged that Wiranto was the dominant power in military politics and, until his suspension, in the Cabinet of Gus Dur.

Besides Juwono, the appointment of five TNI generals in the Cabinet also showed the TNI's continued political influence. Wiranto's appointment as Co-ordinating Minister for Politics and Security had elevated him in terms of ministerial position to the inner Cabinet, but ended his role as TNI's commander-in-chief. The influence he was able to bring to bear from this position reflected less the authority of the ministry and more the power he retained through his links to the TNI. One of those links was, initially, to Admiral Widodo, who had been groomed by Wiranto for the position of the TNI's commander-in-chief after his appointment as deputy commander-in-chief earlier in 1999. Widodo later shifted his allegiance from Wiranto to Gus Dur.

The significance of Widodo's appointment as head of the TNI, however, was that, at the time, he was a close associate of Wiranto and was considered to be one of Wiranto's inner group. As head of the Navy, Widodo was also chief of the Marine Corps, which was more politically

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popular than the variously tainted arms of the Army, and his appointment did not represent a threat to Wiranto's grip on power. Indeed, Widodo did not have a power base within the TNI independent of Wiranto's group until he began to receive direct support from Gus Dur towards the end of 1999.

Wiranto's grip on power continued despite his thwarted bid in October 1999 for the position of Vice-President. Wiranto withdrew his nomination when he realized that he could not count on enough support from voting members of the Golkar Party. Wiranto's interest in a political career, supported by many in the Army, was indicative of the military's continuing commitment to active engagement in politics.

The appointment as Minister for Transportation and Communication of Lieutenant-General Agum Gumelar, a former head of Kopassus (July 1993-August 1994), who had a reputation for dealing strongly with student demonstrations, also did nothing to soften the TNI's influence in the Cabinet. Interestingly, immediately prior to Gus Dur's announcement on the composition of the Cabinet, there was considerable speculation that Agum Gumelar would be made Defence Minister.[18] Other ministries taken by the TNI included Lieutenant-General Susilo Bambang Yudhoyono as Minister for Mines and Energy, Rear-Admiral (ret.) Freddy Numberi as State Minister of Administrative Reform, and Lieutenant-General Surjadi Sudirdja as Home Minister.[19] In the words of one observer: "TNI is still playing a strong role in politics". Student leader Ari Wibowo said, "The presence of five military officers proves the continued military dominance in the government."[20]

One omission from Gus Dur's Cabinet was that of Minister for Information. During the Soeharto period, the Minister of Information had been one of the most powerful figures in the Cabinet. One of the great breakthroughs of the Habibie administration was its lifting of media bans and the effective dismantling of restrictions on the media and other forms of communication. To a large extent, this de-restriction of the media was undertaken not just under the guidance but at the behest of Habibie's Minister for Information, General Yunus Yosfiah.[21] In dropping both the Minister and the Ministry, Gus Dur remarked that the whole idea of a Ministry of Information was antithetical to the removal of restrictions on the media.

The "New Paradigm"

The "New Paradigm", the framework through which the TNI intended to reform itself, had been under discussion for at least a year before Soeharto resigned as President, but was only made public after his

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resignation, when notions of reform were not only more acceptable but were often demanded. The main proponent of, and key figure within, military reform was Lieutenant-General Susilo Bambang Yudhoyono. In broad terms, the reformist push came from two overlapping sources. The first main source of reformism came from what was considered to be the core group of the Red and White faction, including Generals Wiranto, Yudhoyono, Agum Gumelar, Hendropriyono, and Farid Zainuddin. While each of these officers had somewhat independent support bases, by the mid-1990s they had tended to coalesce under the nominal guidance of retired armed forces chief General Benny Murdani. As a core group, and with support from influential sections of both the military and civilian élite, these officers were understood to support at least parts of the reform programme promoted by Yudhoyono. The second push for reform of the military came from a group of officers from the Akabri (Akademi ABRI) Class of 1973, of which Yudhoyono was considered the intellectual leader and of which Major-General Agus Wirahadikusumah later came to be considered the more public and radical leader. Interestingly, Soeharto's son-in-law, Prabowo Subianto, who was also from this class,[22] in 1997-98 came to head the military's pro-Soeharto, pro-Islamic Green faction which developed in opposition to the Red and White group.

While there had been discussion of the TNI's depoliticization at in-house seminars at Seskoad[23] for some years, serious public discussion was boosted by Soeharto's resignation as President. Within days of Soeharto's resignation, on 26 May 1998, Yudhoyono was reported as saying that reform was the key to resolving the crisis that affected Indonesia, inferring that reform of the armed forces would be included in such a process. However, he said that such reform should take place within a much wider context of "reform". "ABRI is aware of the fundamental weakness and ... violations of procedures involving all sectors and elements in society", he said.[24] Similarly concerned for the standing of the armed forces, then commander-in-chief General Wiranto called on 10,000 middle and high-ranking soldiers from the Jakarta garrison to re-establish good relations with students following the May riots and the military response. "Let's enter the campus and apologise to all the students for all that has happened to their friends. Let them know that we share their views about reform," he said.[25] It was during this speech, at the Istora Senayan sports stadium in central Jakarta on the night of 25 May 1998, that Wiranto also confirmed what was to be a brief period of unity of the armed forces, on the cusp of the final denouement of the pro-Soeharto Green faction.

The "New Paradigm", which was the formal programme of the military reform movement, can broadly be categorized by the separation

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of the armed forces from civilian and political functions. In particular, it intended to achieve the following:

1. To separate the police and the armed forces.
2. To end military involvement in local political affairs.
3. To turn the office of Social and Political Affairs into Territorial Affairs.
4. To end the social and political role of the armed forces in political affairs down to the local level.
5. To end the appointment of military officers to civilian positions in the central and regional governments.
6. To remove the influence of the military from day-to-day politics.
7. To require that officers choose between military or civilian careers.
8. To reduce the number of seats allocated to the armed forces in the MPR (People's Consultative Assembly).
9. To cut links with Golkar.
10. To remain neutral in politics, especially in elections.[26]

The TNI was relatively successful in achieving these aims, in particular points 1, 3, 8, 9 and 10. The extent to which it was successful in terms of removing itself from an active role in politics was limited, especially under the Habibie administration. Discussing the "New Paradigm", Yudhoyono affirmed the TNI's commitment to the 1945 Constitution, but said that given its brevity it would be added to, to make it more comprehensive. However, he said that additions to the Constitution could not have been made in the October 1999 session of the MPR (Majelis Permusyawaratan Rakyat or People's Consultative Assembly) because it would be preoccupied with more pressing matters, and that more time was needed to consider such changes. A key aspect of the "New Paradigm" was letting other components of civil society contribute to a public debate on such issues, although Yudhoyono said that the TNI would have to lead such a debate for some time as "the current national psychology is still not conducive to make this possible".[27]

In terms of the depoliticization of the TNI, Yudhoyono noted that its neutrality during the June 1999 elections was a significant step in the right direction. Those elections were, he said, "far more honest and just" than previous elections and had proceeded "fairly and honestly". He added that, in terms of the TNI's 38-man representation in the DPR/MPR, in principle he favoured a one-man-one-vote system. However, he said that in the shorter term, the arrangement which had secured for the TNI 38 seats was suitable, and that the TNI's

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representatives should continue to vote as an institutional bloc. Yudhoyono's colleague, the more outspoken reformist Major-General Agus Wirahadikusumah (known in the media as Agus Wira), said that he hoped the TNI could drop its representation in the DPR/MPR by the year 2004, starting in 2002.[28]

At the launch of the book, *Indonesia Baru dan Tantangan TNI* (New Indonesia and TNI's Challenge) on 26 October 1999, Wirahadikusumah described the *dwi fungsi* doctrine as "a bastard whose birth could not be prevented". "It was to be temporary, but instead it became institutionalised; officers grew to enjoy their positions", he asserted in a thinly veiled reference to military corruption. Wirahadikusumah urged new commander-in-chief Widodo to purge the military leadership of officers "unworthy" of their positions. He also stated during the book launch that the TNI wished to end its involvement in politics. He was supported in this call by sixteen other serving officers, who had also contributed to the book. Agus had previously published a similar book, *ABRI: Profesionalisme dan Dedikasi* (ABRI: Professionalism and Dedication) which was not made public.[29] Brigadier-General Saurip Kadi, one of the authors of the book, who was also a special investigator with the Ministry of Defence and Security, said that ending *dwi fungsi* "was the only way to put an end to the deviation of commands".

Unofficial support for the book came at the time of its launch from Wiranto.[30] However, within two months, a major division appeared to have opened up between Wirahadikusumah, on the one hand, and Wiranto and his supporters, on the other. Wirahadikusumah had criticized those officers who had taken up other positions but who had not resigned their commissions in the TNI, including Wiranto, Agum Gumelar, and Yudhoyono. Wirahadikusumah's comments sparked a "heated exchange" between senior TNI officers over the investigation into the involvement by senior TNI officers in human rights violations in Aceh and East Timor. In particular, then chief of the influential Army Strategic Reserve (Kostrad), Lieutenant-General Djaja Suparman, said that "continuing humiliation of the Army generals would hurt the pride of their soldiers and could spark their ire".[31] Wirahadikusumah replied that TNI soldiers did not serve their generals but the TNI as an institution and the state. Lieutenant-General Agum Gumelar later said he regretted the spat between the two generals and that such differences should remain an internal matter. Both Agum and the pro-Gus Dur chief-of-staff General Tyasno Sudarto claimed that differences of opinion were normal between individuals within the TNI.

Wirahadikusumah also angered some senior TNI officers by saying that the TNI should streamline its operational structure by abolishing some territorial commands. Former army chief-of-staff General (ret.)

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Rudini said that Wirahadikusumah's proposal could only work if the army changed its doctrine based on territorial defence, which was held as sacrosanct by most TNI officers.[32] In February 2000, Wirahadikusumah's comments came back to haunt him as Widodo ordered General Tyasno to take disciplinary measures against Wirahadikusumah for asking Wiranto to step down from the Cabinet. Wirahadikusumah was called back to Jakarta to explain himself, although it later transpired that this did not hurt his opportunities for promotion in a proposed further reshuffle of the TNI. Notably, Gus Dur supported Wirahadikusumah, saying that his comments reflected a need as a result of poor communications within the TNI.[33] In this, there could be seen an attempt by some within the TNI to isolate Agus Wirahadikusumah from the more moderate reform group within the TNI, if not from the President himself.

Joint Chiefs-of-Staff

A further change to the structure of the TNI that was promoted as a part of the reform process was the diminution of power in the hands of the military commander-in-chief through the restructuring of the top echelons of the TNI. The positions of commander-in-chief, and his deputy were expected to be scrapped in favour of a "joint chiefs of staff" (JCS) structure. In this structure, there is a chairman, a vice or deputy chairman, and chiefs-of-staff of the various services.

This structure, as it is practised in the United States and which would probably be the model for Indonesia, has the primary responsibility of the JSC members as JSC members, taking precedence over their roles as chiefs of military services. In this, the deputies to the service chiefs would be responsible for the day-to-day operational command of the services. The chairman of the JSC would be the primary military adviser to the President, although all JSC members would also have an advisory capacity.

Given that this change was likely, probably later in 2000, a number of questions remained. These included the kind of relationship that it would create between the TNI and the government, what it would mean for the TNI's dual function, in what way would the practical functions of the chairman of the JCS be different from the existing commander-in-chief, and what would become of the balance of power between the chairman of the JCS and, for example, the Minister of Defence.

There was no structural reason for this change to reduce the political role of the TNI itself. However, it could be taken as an opportunity to tie more closely the roles and responsibilities of the TNI to the government, the presidency, or the DPR (House of

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Representatives). In this, there was at least a passing suspicion that the accountability of the new structure for the TNI's leadership would reflect who in government personally wielded power, as opposed to who occupied the highest nominal position.

While Yudhoyono was seen as perhaps the key reformer in the TNI, his opportunity for pushing through military reform was forestalled by his appointment as Minister for Mines and Energy. While Gus Dur personally supported Yudhoyono's inclusion in the Cabinet, his decision was promptly backed by Wiranto.[34] Wiranto's prompt support for Yudhoyono for a Cabinet position may have reflected his suspicion that if Yudhoyono stayed in the TNI he would quickly achieve the top military job, thereby displacing Wiranto's continuing dominance of the TNI.

The split between Wiranto and Yudhoyono was a manifestation of a fundamentally different approach to both the TNI and to politics. Where Yudhoyono promoted the idea that the TNI should disengage itself from the political process, Wiranto in theory agreed but in practice continued to play his political hand. It seemed that while Wiranto had supported reform, albeit of a limited type, his long-term agenda came to include wider political ambitions through a Cabinet position, the vice-presidency, or even the presidency. In terms of policy, Wiranto pushed a "nationalist" line, with a reduced but continuing role for the TNI in the political process. Yudhoyono wanted a less active political role for the TNI, and for Wiranto. This was the key reason for the falling out between the two formerly close military and political associates in the first half of 1999.

It should also be noted that while Yudhoyono had long advocated the depoliticization of ABRI, later the TNI, he also insisted that it be a gradual process. After his appointment as a minister, Yudhoyono refused to resign his commission from the TNI, in contrast to his earlier comments on the role of active officers in government positions.[35] The rationale for this apparent about-face on what was a core reform issue signalled Yudhoyono's reluctance to be permanently shifted from the military. The move to the ministry, then, given its requirement to resign his active commission, was not a part of Yudhoyono's game plan as TNI's "rising star", which had come to mean countering Wiranto's repoliticization of the TNI from within.

TNI's Factionalism

If Gus Dur was able to move against Wiranto, it was because Wiranto's power base within the TNI had been seriously eroded between the time of his appointment to the Cabinet in October 1999 and his suspension

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from the Cabinet in February 2000. Within the TNI, after a period of relative unity between mid-1998 and late 1999 there could be discerned at least five factions, and a number of sub-factions. The cause for this factionalism reflected Indonesia's unstable political dynamic, the residual loyalties of what has been described as "patrimonial-prebendalism"[36] and ideological differences within the TNI, in particular over the issue of the TNI's dual function, reform, and the role of Islam. At a time of shifting loyalties within a constantly moving political landscape, any assessment of military politics could only at best be a snap-shot of what was happening at that time. The blending and separating of factional interests was constant, unstable, and often unpredictable, with the end result largely difficult to assess.

To accurately identify the percentage of the TNI that remained loyal to Wiranto would be impossible, but before his removal from the Cabinet it was estimated by some military observers in Jakarta to be in the order of 60 to 70 per cent, predominantly from the army. In part, this could be seen to reflect a major reshuffle of the army by Wiranto on 4 November 1999, in which officers close to him were promoted. This shake-up could have been expected following the appointment of Admiral Widodo as the new commander-in-chief, as claimed by the TNI.[37] But in large part, the reshuffle was also intended to promote and reward those officers who had been close to Wiranto, demonstrating his continuing power to determine the shape of Indonesia's key political institution.[38] Wiranto authorized the reshuffle and promotions of officers while Gus Dur was out of the country and without first submitting the list to the Defence Minister, Juwono Sudarsono. In this, Wiranto clearly took a most senior executive decision that enhanced his own power base within the TNI while at the same time demonstrating where power actually lay in terms of critical decision-making. In the period after his removal from the Cabinet, support for Wiranto from within the TNI was, not surprisingly, said to have fallen. However, that he still retained a significant support base even after being removed from office reflected his personal power and the antithetical views of many within the TNI towards the political emasculation of the institution.

In a system still dominated by patrimonialism, it was to be expected that Gus Dur would also move to build his own loyal following within the TNI, which he had worked at since October. In particular, he favoured the Navy and Air Force officers and appeared to have secured the loyalty of TNI commander-in-chief, Admiral Widodo. Widodo was initially seen as a Wiranto appointee who would fall meekly into line with the latter's wishes. However, Widodo supported Gus Dur's removal of Wiranto from the Cabinet, indicating his independence from

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Wiranto's patronage. However, he was ambiguous in his support for the TNI's withdrawal from politics, saying that he wanted the TNI to maintain its presence in the MPR, even after it had left the House of Representatives (DPR) in 2004.[39] This was seen as a bid for the TNI to retain political influence in the election of the president and vice-president, although it also might have been a sop to more belligerent officers within the TNI.

In a further bid to claw back Wiranto's influence within the TNI, on 28 February 2000, Widodo announced a further major reshuffle of 74 senior positions within the TNI, to take effect from 1 March 2000. This reshuffle did not displace all of Wiranto's allies within the TNI, but it did begin to shift the balance of power further towards the Gus Dur-reformist camp.

The most notable change in this reshuffle was the appointment of Major-General Agus Wirahadikusumah as the new head of Kostrad (Strategic Reserve).[40] This move had the effect of promoting the TNI's most outspoken reformer to both a geographically and strategically central role within the TNI, and put him in a position for further significant promotion. It also had the effect of sidelining Wiranto ally, Lieutenant-General Jaya Suparman, who had publicly argued with Wirahadikusumah over Wiranto's position and the future of the TNI. Suparman was later suggested to be behind threats against Gus Dur. Shadowy figures at the time were also linked to what were claimed to be a series of political killings and other attacks.

Another powerful position, that of the TNI Chief of General Affairs, was vacated by Wiranto ally, Lieutenant-General Suaidi Marasabessy, who joined Zacky Anwar Makarim as an officer without a substantive position. Suaidi's replacement was the deputy army chief-of-staff, Lieutenant-General Jamari Chaniago, who had in the past been seen as a Wiranto loyalist.

Other senior officers reportedly aligned with Gus Dur included the army chief-of-staff General Tyasno Sudarto; the head of the Jakarta garrison Major-General Ryamizard Ryacudu; the head of the Military Intelligence Board (BAIS), Air Rear Marshall Ian Santoso Perdanakusumah; and the military spokesman, Air Rear Marshall Graito Husodo.

Another, increasingly small faction remained loyal to the latter, although Prabowo had made moves to redress the divisions between himself and Wiranto. Prabowo moved to patch up differences with Wiranto first in early 1999, and then during Prabowo's visit to the officer training college (Sesko) at Magelang during Aidil Fitri (the end of the fasting month) in early 2000. Some of this "faction" could also be seen to be supporting a more explicit Islamic agenda, deriving their

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association with Prabowo from the more "green" element of what was the pro-Soeharto group. Aided by financial and political interests at odds with Gus Dur's government, these groups could be seen behind at least some of the civil strife in Maluku, Lombok, and Riau in late 1999 and early 2000.

A significant faction within the TNI could be considered "reformist". The public leader of this group was South Sulawesi (Wirabuana Command), later Kostrad, head, Major-General Agus Wirahadikusumah, while Territorial Commander Major-General Agus Widjojo was also a prominent figure.[41] However, this group had no clear plan of action and wavered in its commitment to pushing its cause in public. For example, there was a major division between Agus Wirahadikusumah and Agus Widjojo over the retention of a number of regional military commands (Kodam), which had implications for the TNI's territorial structure and hence its involvement in politics at the local level. In part, Wirahadikusumah moved towards abandoning the territorial structure in its entirety, even though he had earlier been an advocate of its retention. The division between Agus Wirahadikusumah and Agus Widjojo may have reflected some rivalry, as there was press speculation that Wirahadikusumah was seen by other TNI officers as shifting his position to that which was most politically fashionable.

Because of his more radical stand and, in part, because of perceptions of superficiality in his commitment to the reforms he proposed, there was no certainty that Wirahadikusumah could count on the loyalty of other reformists if the military reform process were to reach a critical juncture. The reformists generally (and Agus Wirahadikusumah in particular) enjoyed the support of Gus Dur, but were not necessarily directly beholden to him, as were some other officers.

In particular, although some reformist officers coalesced around Wirahadikusumah, there was no sense of unity of purpose or agreed agenda within the reform camp. In part, this reflected the idea that escaping politics by playing politics was antithetical to the reformists' final goal. It also reflected the varying degrees of ease, or lack thereof, many officers felt in pushing what was far from certain to be a successful or clearly defined process.

In large part, the success of the reformist group would depend on the success of Gus Dur's presidency. If he could negotiate peaceful settlements to the many civil problems that plagued Indonesia, this group would have a better chance of success. However, if Gus Dur (and consequently the process of democratization) failed, this group would lose much ground within the TNI.

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A number of officers, not suprisingly, stayed on the side-lines and were not committed. Within the above identified "factions" there were, as noted, a number of sub-factions aligned with particular senior officers or had multiple or shifting agendas. The idea of "constellations" of officers forming and dividing around key ideas or individuals is probably more accurate than factions as such,[42] although this begins to beg semantic differences. It has also been suggested that such factions or constellations that do exist are not ideologically differentiated, but are reflections of a more traditional pattern of patrimonial loyalty.[43]

Although not a formal part of the armed forces since separation from ABRI (which led to the creation of the TNI in early 1999), Indonesia's national police, Polri, were also increasingly forming a faction in the competition for political power as it manifested on the ground. There has long been competition between elements of Polri and the TNI, with clashes between them over the past two years in West Timor, and Ambon in particular, and resentment festering elsewhere.

The appointment of Lieutenant-General Rusdihardjo as the national police chief on 4 January 2000 surprised both the public and the police, as his name was not among those put forward to replace General Roesmanhadi, and he was only notified of his appointment the night before it was announced. His appointment could be seen as Gus Dur's attempt to strengthen the independence of Polri in its relations with the TNI, and to create a further service directly loyal to him.

Implications of the Territorial Structure

If the TNI has been seen to be involved in local political issues over a wide area, it was almost entirely the result of its "territorial" structure. The territorial structure of the TNI was evident in the way it located itself throughout the country. The purpose of this was to ensure a parallel administrative structure to the government throughout the archipelago. It was later rationalized as ABRI/TNI being able to provide in-depth defence should Indonesia be attacked, which was claimed to derive from the days when the army worked with local people in the anti-colonial struggle against the Dutch from 1945 to 1949. The retention of this system was theoretically based on the limited numbers of the armed forces, its unsophisticated weaponry, and its relatively slow response times, requiring that the army be already in place should an attack occur. In practice, and almost certainly in original intention, this placement of soldiers among the civilian population had the effect of creating a parallel military-civilian structure and provided the opportunity for the army to act as a type of localized paramilitary

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police. As a guiding philosophy, the notion of territorial placement was firmly fixed in most TNI thinking (although in practical terms emphasis was placed more on the centre by the redevelopment of the Kopassus and Kostrad forces in the mid-1980s). It was a core element of *dwi fungsi* while at the same time being the means by which the *dwi fungsi* could not be practically removed.[44]

In the aftermath of the East Timor ballot, the TNI again moved to strengthen its territorial structure, to ensure no other territories broke away. This was undertaken by Lieutenant-General Agus Widjojo, formulated while he was director of Sesko. A part of this plan was to increase to seventeen from ten the number of *kodam*, which reversed the reduction from seventeen to ten *kodam* undertaken in 1984 as part of the restructuring of the armed forces under then commander-in-chief General Benny Murdani. Wirahadikusumah called for the number to be reduced to eight, and for regency (Korem), district (Kodim), sub-district (Koramil) and village level (Babinsa) placement of the TNI to be removed. Under the new structure, there were intended to be 'A' and 'B' *kodam*, with the 'A' *kodam* receiving an extra combat brigade (including infantry and intelligence units) and a cavalry unit (tanks and armoured personnel carriers). The intention was to deploy the 'A' units to more troubled areas. Also reversing Murdani's 1984 moves, the three *kowilhan* (regional defence commands) were planned to be returned, while a rapid deployment force known as PRRM was set up to deal with popular unrest.[45]

In this, even among the TNI's leading reformers, there could be seen a distinct disinclination by some, including Widjojo, to abandon the territorial structure, which located the TNI so deeply in the day-to-day politics of Indonesia. This issue, then, was one that constituted a major divide within the ranks of the reform faction. A political analyst close to DPR Speaker Amien Rais has said that while the TNI's territorial structure remained in place, real democratization would be thwarted.[46] It was Gus Dur's goal, he said, to break down the TNI's territorial structure.

A "New" *Dwi Fungsi*?

Despite his removal as commander-in-chief of the TNI, General Wiranto continued to be the dominant, if declining, power in the armed forces. The removal of untrusted officers in the first half of 1998, and the reshuffling of senior positions in November 1999, ensured that Wiranto loyalists occupied many of the TNI's key posts, which the February 2000 reshuffle only partially dismantled. Differences of style continued to exist, primarily over the issue of reform, but many reformist officers

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still found themselves accommodated within Wiranto's overarching patronage, in part, ironically, through his own role as a supporter of TNI reform.

Wiranto had also reconstructed his position as Co-ordinating Minister for Political and Security Affairs as the most influential position in Gus Dur's Cabinet. This did not imply that the position itself was a powerful one, but that the Ministry carried Wiranto's personal imprint, and this was defined by his continuing control over the TNI. Outside the Cabinet, the TNI continued to pursue its own interpretation of state policy with regard to security matters, in particular in Aceh, Ambon, and Irian Jaya. But, as a consequence of Wiranto's own "old-style" intransigence over his political role, other pre-existing loyalties and, not least, because Gus Dur had begun to assert some presidential authority, Wiranto's personal grip on power was slipping. The political power exercised by the TNI was similarly weakened, in large part because of its factionalism, which was in turn encouraged by Gus Dur.

In all of this, it seemed that while there had been significant political changes in Indonesia since May 1998, the TNI's disengagement from the political process was slow in coming. The push for reform from within the TNI continued, although with a "reform leadership" divided between the less and more radical demands of Yudhoyono and Widjojo, on the one hand, and Wirahadikusumah, on the other. Their main point of contention, the future of the territorial structure of the TNI, was, in a sense, the key to Indonesia's further democratization and certainly to plans for economic and political devolution. Acts 22/99 and 25/99 on regional government and financial redistribution passed in October 1999 are still awaiting the development of regulations to enact them, with the territorial role of the TNI being widely seen as the major sticking point. There was concern that, apart from other matters, if decentralization went ahead while the territorial structure remained in place, there would be the opportunity for local military commanders to commandeer the local political and economic processes and, in effect, establish themselves as independent warlords.

Wiranto played godfather to the reform process while also managing to effectively quarantine it from his own activities. There was also the belief that Wiranto, or others, could continue to destabilize Gus Dur's presidency by engineering further conflict in the provinces. In this, and in particular Yudhoyono's initial refusal to resign from the TNI after being appointed minister, it seemed there was a deeply ingrained culture within the TNI that was inherently and overtly political. Most of its moves towards reform were not only intensely political, but were also played out within the national political arena and as part of the national political process. It seemed that many senior officers of the TNI

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simply did not understand how to be non-political. Those looking for a genuine and thorough overhaul of the TNI, including a complete end to its *dwi fungsi* role, would probably have to wait for some time.

Two related points come from this, the first being that Gus Dur's support for a personally loyal faction within the TNI signalled a return to "patrimonial-prebendal" politics. This, in turn, could engender a reactionary response from officers within the TNI, which could again see it consolidate into two, essentially pro- and anti-presidential, factions. As Soeharto discovered, the appointment of loyal officers to senior positions did not guarantee control over the TNI.

In terms of a Weberian analysis, this continuation of a power bloc outside the presidency challenged the notion of Indonesia as a "patrimonial-prebendal" political society and introduced the type of power competition that more accurately aligned with "patrimonial-feudal" political society. Weber noted that "patrimonial-prebendalism" constituted a major obstruction to the development of democratic political forms, while the competing power bases in a more feudal arrangement eventually led to the development of democratization. It was the Red and White group led by Wiranto that destabilized Soeharto's grip on power and opened up political space for competing voices; a prerequisite for democratization. The continued obstruction from, fragmentation of, and competing voices within the TNI could, ironically, further aid the process of Indonesia's democratization.

NOTES

The author would like to thank Emeritus Professor John Legge and Marcus Meitzner for their thoughtful comments on drafts of this article.

1. At the time of writing, it was too early to say definitively whether that was the case, but it appeared to be so.
2. The literal translation of *tentara* is not "military" but "army", although this confuses the roles of the three services within the TNI.
3. The *dwi fungsi* role was implemented in 1957 and elaborated by the army in 1965, 1966, and 1967, while in 1982 the government formalized this arrangement through legislation.
4. Harold Crouch, "Democratic Prospects in Indonesia", in *Democracy in Indonesia*, edited by D. Bourchier and J. Legge (Melbourne: Monash University, Monash Papers on Southeast Asia, 1994).
5. Although the situation was more complex than this, the underlying reason for the capital flight that precipitated the collapse of the Indonesian rupiah in 1997 and the consequent economic collapse was the belief that a group of Red and White officers would move against Soeharto after his bid for the presidency in 1998. These officers had already acted against Soeharto in lesser ways, but the situation was coming to a head and many cronies believed that their wealth would be in jeopardy if they left it in Indonesia.

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6. The TNI was always the "army" branch of ABRI, but when the police separated from ABRI, the armed forces became known as the TNI.
7. D. Kingsbury, "The Political Resurgence of the Tentara Nasional Indonesia", in *Pemilu: The 1999 Indonesian Election*, Annual Indonesia Lecture Series 22, edited by S. Blackburn (Melbourne: Monash Asia Institute, 1999).
8. Wiranto actually authorized the reshuffle during his last few days as commander-in-chief of the TNI, which did put the decision under his jurisdiction at that time. However, the reshuffle was enacted nearly two months later and by-passed those who should otherwise have been informed of the process, including Juwono and, as Supreme Commander, Gus Dur.
9. "President Issues Written Statement", *Jakarta Post*, 2 December 1999.
10. K. Richburg, "Indonesian General Exploits New Role", *Washington Post*, 3 December 1999, p. 25.
11. Ibid.
12. R. Lowry, *The Armed Forces of Indonesia* (Sydney: Allen and Unwin, 1996), p. 202.
13. Juwono said this in an interview with the author on the subject of the mounting criticism of Soeharto's tenure and corruption, and increasing divisions within the armed forces.
14. A 32 per cent increase was later granted.
15. "62% Hike in Military Budget Urged", *Jakarta Post.com*, 23 November 1999.
16. L. Murdoch, "Jakarta Minister Shrugs Off UN Pressure", *The Age* (Melbourne), 19 February 2000.
17. Juwono's stated intention to scale back the Kopassus force from around 7,000-8,000 to 800 could be seen as an attempt at asserting control over the TNI but, more importantly, to break the back of a branch of the TNI that had supported Prabowo's Green faction and which had run an agenda somewhat independently of the TNI.
18. "Turning Without Giving Directional Lights", GATRA Information Services, 30 October 1999.
19. Surjadi was later appointed by Gus Dur to replace Wiranto as Co-ordinating Minister for Politics and Security.
20. "Gus Dur Forms Compromise Cabinet", *Jakarta Post.com*, 27 October 1999.
21. During his period as minister, Yunus dropped his father's name, preferring to be known as Mohamad Yunus. Yunus was also referred to as the "Father of Information" by Hinca Pandjaitan, the key drafter of the new Press Law 40/99 (personal communication).
22. Prabowo graduated in 1974 and is therefore formally regarded as belonging to the class of that year, rather than 1973.
23. A successor institution to Akabri.
24. "ABRI Committed to Fundamental Reform", *Tempo Interaktif*, 26 May 1998.
25. Ibid.
26. R. Layandor, "Indonesia and the Military at the Crossroads", *Indonesian Quarterly* 27, no. 3 (1999): 224.
27. "Not Being Indifference" (*sic.*), GATRA Info Services, 2 July 1999.
28. AFP, "Military 'Ready to Give Up its Seats", *Sydney Morning Herald*, 27 May 1999.
29. "TNI Officers Want to End Dual Function", *Jakarta Post.com*, 29 October 1999.
30. Ibid.
31. "No Friction in TNI, Says General Tyasno", *Jakarta Post.com*, 18 December 1999.
32. "Widodo Calms Concerns over Generals in Cabinet", *Jakarta Post.com*, 18 December 1999.
33. "President Supports Agus in Argument with Wiranto", *Jakarta Post.com*, 19 February 2000.
34. "Gus Dur Forms Compromise Cabinet", *Jakarta Post.com*, 27 October 1999.

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35. T. Abriansyah, "Rising Star for Civilian Posting", GATRA Information Services, 6 November 1999.
36. J. Bakker, and G. Ferrazzi, "Weber's Pure Ideal Type Model of Patrimonial Prebendalism: Testing the Applicability of the Model to Indonesia" (Paper presented at the 92nd Annual Meeting of the American Sociology Association, Toronto. 9-13 August 1997; and M. Weber, *From Max Weber: Essays in Sociology*, edited by H. Gerth and C.Wright Mills (New York: Oxford University Press, 1958); M. Weber, *Economy and Society* (Berkely: University of California Press, 1968).
37. "Military Announces Sweeping Reshuffle", *Jakarta Post.com*, 6 November 1999; and "Army Chief Subagyo Defends TNI Reshuffle", *Jakarta Post.com*, 10 November 1999.
38. In early December 1999, 23 senior officers were further promoted by TNI chief Widodo, for "dedication and loyalty" (*Jakarta Post*, 10 December 1999).
39. "TNI to Quit House, but Not Assembly", *Jakarta Post*, 26 February 2000, p.1.
40. "Major TNI Reshuffle Announced", *Jakarta Post*, 29 February 2000, p. 1.
41. One critic of the TNI, Munir, observed that because of his support for a continuing territorial structure, Agus Widjojo is in fact not a reformist but a conservative.
42. The idea of constellations of officers rather than factions was first mooted to me by Herb Feith and Lance Castles in Jogjakarta in 1997. At that time it had considerable validity, which in late 1999 and early 2000 had become more explicit.
43. Munir, "Civil and Military Relationships" (Paper presented to the conference on "Rethinking Indonesia", Melbourne, 4-5 March 2000).
44. I. MacFarling, *The Dual Function of the Indonesian Armed Forces: Military Politics in Indonesia* (Canberra: Australian Defence Force Studies Centre, 1996); and Lowry, op.cit.
45. Tapol, "The TNI's Expanding Territorial Structure", *Bulletin* 154, no. 5 (November 1999).
46. Personal communication with the author.

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Tokyo's Dynamic Diplomacy: Japan and the Subcontinent's Nuclear Tests

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Among Japan's recent international initiatives, its responses to India's and Pakistan's nuclear tests have been largely overlooked. Major Japanese diplomatic initiatives in the wake of these tests included promoting nuclear non-proliferation and disarmament and taking a leadership role in resolving the India–Pakistan dispute. Japan's energetic responses were driven by domestic considerations of public opinion, coalition politics, and bureaucratic interests. Externally, Japan was motivated by a desire to highlight its contributions to international peace and security, solidify its claims to a permanent United Nations Security Council seat, and exhibit its commitment to nuclear non-proliferation, as well as by the relative paucity of concrete interest in India and Pakistan. However, Japan achieved few of its objectives. A repeat of such episodes may well influence Japan's future efforts to be more active in international affairs.

Introduction

Japan's foreign and defence policies are beginning to exhibit signs of rising activism. An unprecedented parliamentary debate on Japan's constitution, an announcement by the foreign ministry that it is considering participation in multilateral anti-piracy patrols in the Strait of Malacca, the dispatch of delegations around the world to promote the ratification of the Comprehensive Test Ban Treaty (CTBT), and Prime Minister Yoshiro Mori's recent suggestion that Japan's soldiers might be able to carry weapons on peace-keeping operation (PKO) missions are

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just some examples of the trend towards a more engaged international posture by Japan. Japan's neighbours and others have been watching Tokyo's emerging "normalization" closely, seeking clues to Japan's future international behaviour and ambitions.

One little noticed example of Japan's recent initiatives in international affairs was its responses to India's and Pakistan's nuclear tests conducted in May 1998. Japan's energetic responses to the nuclear blasts provide fresh insights into its broader international behaviour and ambitions. Although the subcontinent itself is marginal to Japan's economic, political, and security concerns, the nuclear tests raised fundamental questions about Japan's foreign policy, including the balance between economic and political diplomacy, the application of its official development assistance (ODA) charter, the role of public opinion, as well as domestic and bureaucratic politics in making foreign policy, Japan's relations with the great powers of the Permanent Five (P–5) and Group of Eight (G–8), the relative importance of specific security factors in shaping foreign policy, and Japan's relations with the United States.

What emerges from a consideration of this episode in Japan's contemporary foreign relations is quite telling. Motivated mainly by the desire to demonstrate responsible political rather than economic leadership, burnish its claims to a permanent United Nations Security Council seat, and exert initiative on nuclear matters, Japan launched strong but largely overlooked efforts to promote nuclear disarmament and non-proliferation as well as to help resolve the India–Pakistan dispute. Not only did Tokyo fail on these scores, but the international community and the major powers were indifferent, Delhi and Islamabad uncompromising, and the Japanese public unmoved. Tokyo's dynamic diplomacy fell flat. Whether a repeat of similar episodes and outcomes in other contexts will push Japan towards a sullen isolationism, assertive unilateralism, or what the Japanese commentator Yoichi Funabashi, writing in *Foreign Affairs*, called a "reluctant realism",[1] remains to be seen.

"Political Animals"

"South Asians are political animals, while Japan is an economic animal", the late Prime Minister of Pakistan Zulfikar Ali Bhutto supposedly once said. The world is accustomed to Japan's economic diplomacy. It is hence surprising that political initiatives in the wake of India's and Pakistan's nuclear tests have eclipsed Japan's economic actions. This is not to say that Japan did not take economic actions against India and Pakistan in the wake of their nuclear tests. It did. Tokyo froze *new* grants and yen loans and promised to "examine

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cautiously" lending to the two countries by international financial institutions. It also withdrew its offer to host the annual India Development Forum (IDF), which brings together several aid donors to India. However, Japanese officials insisted that they, unlike other countries,[2] were imposing only "measures", not the harsher sounding "sanctions" because Japan had no domestic legal obligation to take punitive economic steps in response to nuclear tests (only an obligation to be consistent with the "principles" of the ODA charter), and because India and Pakistan broke no international laws in conducting them. The distinction between "measures" and "sanctions" was lost on most Indians and Pakistanis. Japan also assured Delhi and Islamabad that humanitarian aid and grant assistance for grass-roots projects would not be affected by the economic measures.

The economic costs to India and particularly Pakistan were not trivial. At the time of the tests, 133 billion yen had been committed to India in loans, and about 3.5 billion yen in grants. These amounts made India the fourth largest recipient of Japanese government loans after Indonesia, China, and Thailand. For Pakistan, the figure for yen loans was about 67 billion yen and a significantly smaller amount in grants. However, Japan, as the largest provider of bilateral assistance to both India and Pakistan, could have turned the economic screws harder by, for example, cancelling aid in the pipeline, regardless of the costs to Japanese companies. It did not do so. Still, the measures were harsher than those imposed on China following its five nuclear tests in 1996. In China's case, Japan suspended only grant aid after serious intra-governmental debate, and yen loans to Beijing were unaffected.[3] Two years after the economic measures were imposed, they remain largely in place. Japan has repeatedly stated that it would work with its G–8 partners in making decisions about the lifting of the economic measures, though Tokyo has stated that it will not be bound by decisions made elsewhere.[4] In essence, Japan's economic responses to the nuclear tests, a sort of negative economic diplomacy in accordance with the principles of its ODA charter, were not unusual. Indeed, these economic "measures" were far less Draconian than those mandated by American law and applied by the United States to both Delhi and Islamabad after the nuclear tests.[5]

In contrast to its economic measures, Japan's political actions were remarkable in their initiative and range and surpassed any of the efforts by the other G–8 or P–5 countries. Some Indians and Pakistanis have suspected that Japan was essentially encouraged by the P–5 and G–8 to be the "standard-bearer" in responding to India's and Pakistan's nuclear tests because of its non-proliferation bona fides and atomic sufferings. However, as will become evident, Japan not only took the initiative

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largely unbidden, but its initiatives were largely ignored by the major powers, leading to considerable disappointment in Tokyo.

Japan's over-arching post-nuclear tests strategy was to engage the United Nations (including the Security Council on which it then sat as a non-permanent member), the G–8, and select non-nuclear states (mostly those who had renounced their nuclear weapons programmes) in order to promote nuclear disarmament and nuclear non-proliferation and help resolve India–Pakistan tensions, including Kashmir. This was an unusually robust game-plan for Japanese diplomacy.

From its non-permanent Security Council (SC) seat, Japan called for an emergency meeting following the final tests on 30 May 1998. Japan's ambassador to the United Nations, Hisashi Owada, wrote and introduced a co-sponsored resolution (with Sweden and Costa Rica) condemning the tests and outlining demands on India and Pakistan, which the SC adopted unanimously. Japan then tried to gain admittance to the 4 June 1998 P–5 meeting in Geneva but was rebuffed. A more perfect irony is difficult to imagine: Japan resentful about exclusion from a conclave of nuclear-armed states whose purpose was partly to punish another state (in this case India) for going nuclear because it felt subject to discriminatory treatment.

Parallel to these efforts, Tokyo launched specific initiatives to promote nuclear disarmament and non-proliferation. At the G–8 foreign ministers' conference held in London, for example, Tokyo gained approval for its proposed Task Force on Nuclear Tests by India and Pakistan comprising officials from the G–8, China, and some non-nuclear countries.[6] According to the statements by Japan's foreign ministry, the aims of the Task Force were to consider the broad question of nuclear "non-proliferation and other nuclear issues as well as the question of reducing tensions between India and Pakistan".[7] Another initiative was the Emergency Action Forum on Nuclear Disarmament and Non-Proliferation (later renamed the Tokyo Forum). Though termed a "Track Two" meeting, the Forum has been managed by Japan's Ministry of Foreign Affairs (MOFA). In outlining the initiative during a speech entitled "Japan's Active Role Toward the Future of Asia", then Foreign Minister Keizo Obuchi stated that the purpose of this effort was to "draft concrete proposals within a year on ways to further promote nuclear disarmament and maintain and enhance the non-proliferation regime".[8] In July 1999, the Tokyo Forum issued its final report, provoking strong objections from India's delegate.[9] Japan also resubmitted its annual (since 1994) draft resolution on nuclear disarmament, but for the first time with a "road map" of steps to achieve the ultimate elimination of nuclear weapons.[10] These road-map milestones included the early entry into force of the CTBT, early

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conclusion of the negotiations on the Fissile Material Cut-off Treaty (FMCT), and the early initiation of negotiations on Strategic Arms Reduction Talks (START) III. Apparently, this first-time action-orientated version of the resolution was meant to signal Tokyo's new seriousness about disarmament while simultaneously rejecting the Indian call for a "time bound framework for the elimination of nuclear weapons". The Japanese formulation, on the other hand, emphasized a "realistic and objective" path to reach disarmament. The Task Force, the Tokyo Forum, and the U.N. resolution were Japan's major political initiatives on nuclear disarmament and non-proliferation in the wake of the nuclear tests on the subcontinent.

Japan's most puzzling political initiatives, however, involved attempts to mitigate India–Pakistan disputes, including the tricky and highly sensitive issue of Kashmir. That Japan would offer to help increase international attention on the Kashmir question immediately after India tested its nuclear devices in order to dissuade Pakistan from following suit is understandable. Indeed, India's Home Minister, L. K. Advani's threats to Pakistan after India's tests provoked reasonable concerns about the former's hostile intentions towards its neighbour. Japan, and other countries, publicly recognized the dangers of heightened tensions in the subcontinent. But Japan went much further. After Pakistan itself tested, Japan announced its intention to search for ways to relax India–Pakistan tensions and publicly floated the idea of hosting a meeting on India–Pakistan relations in Tokyo — all this *before* the Security Council had adopted Japan's co-sponsored resolution, or the P–5 and G–8 had even met. Former Prime Minister Ryutaro Hashimoto, while in office, also "called for the need of the international community to take strong interest in the root causes for the tensions between India and Pakistan, including Kashmir, and consider how to maintain the security of the South Asia region." Japan thus inserted itself into the sensitive, volatile India–Pakistan relationship and supported its internationalization ahead of, and with little if any concrete backing from, any other major power, and in the face of strong opposition by one of the countries slated to be the subject of discussion, namely, India.

But this was not all. Japan also pressed for Pakistan's inclusion at the forthcoming ASEAN Regional Forum (ARF) meeting so that Kashmir and other causes of the underlying tensions between India and Pakistan could be discussed.[11] Tokyo eventually acknowledged that there was no "enthusiastic consensus" on the participation of Pakistan and implied that only India objected to Pakistan's inclusion on the discussion of Kashmir when this clearly was not the case.[12] As then ARF chairman, Philippines Foreign Minister Domingo Siazon pungently put it, "[w]e do not wish to involve ourselves in Kashmir, it

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is outside our footprint. We'll leave it to some other braver country".[13] Japan's leader-of-the-pack approach to India–Pakistan relations received kudos in Islamabad, but cost relations with Delhi dearly. Japan's "expansive diplomacy" in the wake of the subcontinent's nuclear tests raises the question, why? As noted earlier, the subcontinent had been a backwater of Japan's diplomatic efforts in Asia for the last half century.[14] What are the reasons then for Japan's rather energetic and expansive policies in the wake of India's and Pakistan's nuclear tests?

Motivations at Home and Abroad

Japan appears to have been motivated by a mix of domestic and external considerations in its responses to the nuclear tests on the subcontinent. Of these, Tokyo's diplomatic and major power ambitions were decisive. Tokyo's non-permanent membership status in the U.N. Security Council at the time of the tests offered the perfect platform from which Japan could react energetically without creating a fuss. Japan's dynamic use of the position could in turn highlight its bona fides for a cherished permanent Security Council seat, and muffle mutterings that constitutional constraints inhibit Tokyo's substantive contributions to international peace and security. By taking on such dramatic and dangerous issues as nuclear weapons, India–Pakistan relations and the Kashmir dispute, Japan could demonstrate its fortitude and willingness to take on the duties of prominent players in the international community. That the issue at hand involved nuclear weapons both justified and facilitated Tokyo's activism. Having been the only victim of atomic weapons, Japan has claimed, and others have suggested it take,[15] international leadership on nuclear non-proliferation. And nuclear non-proliferation is the perfect non-economic issue on which Tokyo can assert itself politically, make its Security Council claims, and buttress its own non-proliferation credentials.

Domestic considerations are perhaps the second most important explanation for Japan's dynamic response to the subcontinent's nuclear tests. Strong public sentiment against the tests certainly obliged Japan to act. The mayors of Hiroshima and Nagasaki denounced the tests in the strongest terms. But this compulsion can also be over-played. The fact is that public and press opposition to India's and Pakistan's tests was neither long lasting nor especially fervent.[16] The size and vehemence of anti-nuclear protests were much larger and more intense in India than in Japan. Indeed, Hiroshima and Nagasaki representatives were soon calling on their central government to push nuclear disarmament as hard as non-proliferation. They were essentially

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adopting India's line prior to its tests that non-proliferation be linked to a time-bound framework for disarmament.[17] Ironically, then, the efforts of the Ministry of Foreign Affairs to both adhere to and capitalize on Japan's real and sincere anti-nuclear sentiments were undermined by its citizens and some of the press demanding the MOFA take a harder line on disarmament than it was prepared to do.

The near-unanimous views against the tests among the government and opposition political parties[18] and the lack of any domestic constituency (such as the business community) arguing on behalf of India or Pakistan made the economic measures taken against the two countries uncontroversial. This stood in stark contrast, for example, to the United States, where many conservative as well as pro-India law-makers, but also others, publicly empathized with the decision by India to conduct nuclear tests. In Japan, the few voices who took a realist view of South Asia's nuclear tests remained publicly silent. The subcontinent's nuclear tests also offered MOFA another opportunity to implement the 1992 ODA charter that established principles governing Tokyo's provision of overseas aid. A key principle of the charter is that aid recipients should not be developing or producing weapons of mass destruction. MOFA could also use the occasion to salve both the Diet and the public's desire for more accountability in the use of tax money for overseas assistance. Public concerns about the misuse of ODA, as well as declining ODA budgets, have increased pressure on MOFA to be careful with the provision of ODA. All in all, then, in terms of domestic Japanese politics, there was little that stood in the way of strong reactions to the tests, and much to support them. What is notable, however, is that if public opinion and domestic politics facilitated a strongly negative response to the nuclear tests themselves, neither public opinion nor domestic politics demanded that Japan launch an international effort aimed at disarmament, nuclear non-proliferation, or resolution of India–Pakistan disputes. The reasons for the pursuit of such activist steps have to be sought elsewhere.

And it is here that the role of bureaucratic politics becomes intriguing. What, if any, bureaucratic battles occurred regarding responses to the tests are difficult to discern. But, clearly, the MOFA took the lead for the entire Japanese Government in responding to the tests. Whether the decision not to impose restrictions on export credits or trade insurance, managed by the Ministry of International Trade and Industry (MITI) and the Ministry of Finance (MOF), was a sop to Japanese businessmen, a soft approach to India and Pakistan, or a concession to these other ministries is uncertain. The cessation of new grants to India and Pakistan was entirely a MOFA decision that did not require the acquiescence of the other ministries. On the decision to suspend new

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loans, MOFA had to co-ordinate with MITI and MOF as well as the Economic Planning Agency (EPA). It is also intriguing that Japan's Self-Defense Agency's 470-page 1998 White Paper contained only three sentences on the subcontinent's nuclear tests. By contrast, MOFA's annual Blue Paper was replete with references to the events and Japan's initiatives regarding them. This discrepancy may be explained by the fact that within the Japanese Government, the defence establishment has been the most empathetic to India's security concerns, especially relating to China because it shares similar concerns. This outlook may have led to the "softer" commentary by the Japanese Defense Agency (JDA). How serious a rift there was between MOFA and JDA on the response to India's nuclear tests is unclear, but it may well be that MOFA's wider international ambitions (including a bureaucratic ambition of getting a permanent Security Council seat for the country) on the matter are at variance with the JDA's narrower interests in co-operative relations with India. Whatever the nuances of intra-governmental debates about responding to the subcontinent's nuclear tests, it is clear that MOFA was driving the agenda. Its own bureaucratic ambitions, combined with its ambitions for Japan, were compelling factors in determining the nature and scope of Tokyo's dynamic post-tests diplomacy.

Japan's bilateral relations with India and Pakistan are the third significant factor accounting for Japan's actions. Neither country is critical of Japan economically, politically, or for security reasons. Japan's wartime history also does not cast a shadow on the subcontinent. The Japanese do not believe that they have any atonement to make, as they do, say, in China. It is perhaps for precisely this reason, the relative paucity of concrete interest and stake in India and Pakistan, that Japan was willing to take such an activist approach towards the subcontinent's nuclear tests. Japan had little to lose in terms of bilateral relations with the two countries and perhaps much to gain if it could get global recognition for its political leadership on non-proliferation and the India–Pakistan conflict. Still, it is intriguing why relations between Japan and India in particular, two Asian democracies with no historical, civilizational, religious, territorial, or ideological disputes, took such a nasty turn. Japan–India bilateral relations plummeted after the tests. India refused to accept assistance for a cyclone disaster,[19] slapped access restrictions on Tokyo's ambassador, and reportedly refused to share information about a ship allegedly carrying missile parts from North Korea to Pakistan.[20] For its part, Japan briefly withdrew its ambassador and reportedly rejected seeing a special envoy from India to explain the nuclear tests. Bad blood had already developed between Tokyo and Delhi over their competition for the non-permanent U.N.

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Security Council seat that Japan won and was occupying at the time of the tests.[21] Some Indians suspect that Tokyo's strong response to their country's tests reflects an effort by Japan to contrast its responsible behaviour with India's irresponsible actions in order to undermine New Delhi's competing claim to a permanent Security Council seat. Indians also argue that Japan's failure to receive special treatment in India's reforming economy is the cause of Japan's inflexibility.[22] Obviously, for Japan, preserving smooth relations with Delhi was not a high priority compared to its other objectives. Only in the wake of Indian Foreign Minister Jaswant Singh's visit to Japan in December 1999 and the follow-up visit of Indian Defence Minister George Fernandes in January 2000 has there been a noticeable thaw in bilateral relations between India and Japan. However, relations are not yet "normalized", as was made clear by a Japanese foreign ministry spokesman.[23]

Oddly, security concerns arising from the subcontinent's nuclear tests were probably one of the least influential factors in Japan's post-nuclear tests behaviour.[24] According to Shoei Yamanaka, Defence Counsellor at the JDA, the government had "no definitive conclusion" about the security and strategic effects of the subcontinent's nuclear tests for Japan's interests. Indeed, he went on to say that "[w]e are still carrying out an analysis".[25] These statements were made just six weeks after India conducted its first round of nuclear blasts. However, Japan's MOFA took a different view. Early official Japanese pronouncements from the MOFA about the tests focused on three concerns: that the tests would "heighten the tensions in South Asia further... provoke a dangerous escalation of a nuclear arms race and... undermine the foundation of the nuclear nonproliferation regime".[26] Outside official pronouncements, for example in the press and public commentary, concern about the security implications for Japan of the subcontinent's tests focused primarily on two issues: North Korean and Chinese responses. Many months later, a JDA think-tank, the National Institute of Defense Studies (NIDS), would also elaborate on these concerns.

A vigorous and stern response to the tests by Japan, it has been suggested, was meant to signal North Korea not to take any similar step.[27] Though Tokyo's worries about Pyongyang's reactions were undoubtedly real, conveying a message to North Korea through India and Pakistan, a rather roundabout route, is ultimately unconvincing. Japan's participation in the Korean Economic Development Organization (KEDO), co-operation with the United States and the Republic of Korea (ROK or South Korea), and its slowly evolving dealings with the Democratic People's Republic of Korea (DRPK, or North Korea) itself offered much more direct ways to influence the

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DPRK's nuclear behaviour. In any case, there is little evidence that Pyongyang takes its nuclear cues from the subcontinent. Japan's heightened demonstration of its commitment to disarmament and nuclear non-proliferation at the global level, or its offer to help resolve India–Pakistan tensions was not likely to have a big impact on Pyongyang's nuclear programme. Worries in Japan that Pakistan might transfer nuclear technology or test data to North Korea in exchange for missile components were also evident. As a NIDS report acknowledged, "[a]lthough it is highly inconceivable that Pakistan would provide North Korea with its nuclear technology at the risk of antagonizing the United States, one cannot rule out, given the military connection between these two countries, the possibility of part of the nuclear technology or test data of Pakistan falling into the hands of North Korea".[28] Certainly, Pakistan's missile test in April 1998, followed a month later by the nuclear tests, dramatized DPRK–Pakistan ties. But it is unclear why the nuclear tests in South Asia would exacerbate these ties. As the NIDS report itself concluded, North Korean dealings with Pakistan were likely to be shaped more by the DPRK's relations with Washington than by nuclear tests in the subcontinent.

More than North Korea, however, China's reactions have been cited as a major post-test concern. In the short-run, Japan fears that India's tests might lead China to renew testing. A longer-term concern is that China might enhance its nuclear capabilities because India has publicly identified Beijing as a driving force in its overt nuclearization, and China could reasonably be expected to respond. Japan's fears about China's nuclear weapons are real. But the Indian tests are not likely to be the key drivers of Beijing's programme. China has long ago internalized the externality of India's nuclear weapons capability. If Delhi dramatically enhances this capability and Sino–Indian ties plummet, Beijing certainly will be forced to take appropriate responses. Some analysts at NIDS, however, point out that Delhi's nuclear capabilities are far from threatening to China because "given [India's] geostrategic disadvantage, India will find it extremely difficult to secure a credible nuclear deterrence against China".[29] If this is true, then China is unlikely to resume testing or take any other dramatic nuclear steps because of Indian actions. Much more critical than India's nuclear tests to spurring China's nuclear weapons modernization, and something over which Japan has some control, is the revision of U.S.–Japan defence guidelines and possible deployment of a theatre missile defence (TMD) system. Chinese nuclear modernization decisions are much more likely to be shaped by its relations with the United States, the possible deployment of a national missile defence (NMD) or TMD, and Japan's emerging foreign and

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defence policies than India's testing of nuclear devices which China has long acknowledged that it possesses. Indeed, it is one of the curiosities of the subcontinent's nuclear tests that India and China were able to normalize their ties after them earlier than India and Japan.

In essence, specific security concerns emanating from India's and Pakistan's nuclear tests do not appear to have been the driving consideration behind Japan's energetic initiatives to promote disarmament and nuclear non-proliferation, and reduce tensions between India and Pakistan. Rather, Japan's international ambitions, promoted by an activist and leading role within the Japanese Government system by the Ministry of Foreign Affairs, essentially shaped Japan's response to the subcontinent's nuclear tests. The lack of any strong opposition to these initiatives among Japan's political parties and the public, and the lack of "standing" by Japan's other ministries (except insofar as minor credits were concerned) on these issues, and the low stakes involved in relations with India and Pakistan, facilitated MOFA's pursuit of its, and Japan's, ambitions.

Ambitions Held at Bay

Japan's responses to the subcontinent's nuclear tests constitute a telling episode in its more activist foreign policy. Japan's experiences during this episode and the lessons it draws from them may contribute to shaping Tokyo's attitudes towards greater foreign policy activism in the future. Tokyo's dynamic diplomacy in the case of the subcontinent's nuclear tests went largely ignored. Specifically, Tokyo failed to overcome the indifference of other major powers to its international political role (even on an issue such as non-proliferation where Japan's credentials are seen as unassailable). Japan's vigorous efforts did little to highlight its claim to a permanent Security Council seat. The demonstration of its ability to take political not just economic leadership was largely lost on the international community. In the end, Japan's ability to exercise effective influence on nuclear disarmament and non-proliferation was shown to be limited, notwithstanding its status as the only country to have suffered a nuclear attack and its linkage of the non-proliferation issue with its substantial ODA programmes. Japan also had no impact on India's and Pakistan's nuclear weapons programmes, and in its relations with India created serious acrimony where little had existed before. Japan's erratic worries about China came to the fore as did its disenchantment with the United States. All in all, Japan's efforts during this episode shed considerable light on several dimensions of Japanese foreign policy.

Despite Japan's vigorous efforts as a non-permanent member, the Security Council as a whole was unwilling to impose sanctions on India

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and Pakistan.[30] Individually, too, China, France, Russia and the United Kingdom refused to impose any sanctions on India and Pakistan. There is deep Japanese dissatisfaction with these responses. One Japanese government publication put it gingerly:

> In the case of the recent nuclear tests by India and Pakistan, the United Kingdom, France, and Russia opposed, or have taken a negative attitude toward, sanctions from the outset, and the Security Council was thus prevented from even taking up the issue on the agenda. Such an attitude of the Security Council, a body that bears the primary responsibility to ensure peace and security of the international community, is a matter of debate.[31]

Former Prime Minister Yasuhiro Nakasone complained more explicitly about the great powers' self-interested responses and hinted at their unwillingness to acknowledge Japan's strenuous efforts to condemn the subcontinent tests. He wrote in *Japan Echo* that:

> Japan responded [to the tests] by trying to have a United Nations resolution passed. But behind the scenes Russia was supporting India, and similarly China was supporting Pakistan. The United States, meanwhile, seemed to take a low-key approach to the U.N. resolution; the Americans felt that the balance of power among China, India, and Pakistan was working to prevent any of the countries from pursuing expansionist ambitions. The resolution that was finally adopted was vague and had no teeth.[32]

Japan's frustrations with the Security Council members at not being acknowledged for its leadership on this matter, raise questions about Japan's future attitudes and commitment to the Security Council and indeed to the United Nations. Japan earlier appeared to have lodged so much hope and ambition in these institutions that a repeat of such experiences could well undermine Japan's confidence about their utility and Japan's place in them. A single episode will certainly not derail Tokyo's efforts to gain a permanent Security Council seat or lead to non-cooperation with the United Nations, but doubt and disappointment with these organizations may well be a factor in the "normalization" of Japan's evolving international role.

Japan's expectations about its place in relation to the P–5 countries also received a sobering blow in the context of the Indian and Pakistani nuclear tests. Japan's bid for participation in the P–5 post-tests meeting received the cold-shoulder. As a leading Japanese journalist, Yoichi Funabashi, wrote:

> Japan's request to participate [in the P–5 meeting] was denied, which fuelled suspicion that its attempts to endorse nuclear disarmament and nonproliferation lack US support and are being contained by China. Many Japanese resent the exclusion of major non-nuclear powers like

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> Japan and Germany from meetings like those in Geneva, feeling that it rewards the nuclear path to power while punishing the civilian.[33]

The net effect of such experiences, combined with a sense that the Security Council and the United Nations have only limited effectiveness, might well help push Japan towards what Funabashi himself calls "reluctant realism". In the end, concrete, active support from the major powers for Japan's leadership efforts on nuclear disarmament and non-proliferation and resolution of India–Pakistan disputes was missing.

Meanwhile, few Asian countries accepted Japan's post-tests efforts in regional multilateral fora. The ARF, for example, dismissed Japan's efforts to use that organization to address India–Pakistan tensions. And ARF members were quite lukewarm in their comments on the subcontinent's nuclear tests, criticizing the tests but without mentioning the countries, and simultaneously calling on the nuclear weapons states to take greater strides towards disarmament. This seeming indifference to Japan's near-frenetic efforts to push its initiatives in the wake of the subcontinent nuclear tests must have come as an unwelcome surprise to a Tokyo that has sought to carefully but steadily increase its involvement in Asian diplomacy.

The ultimate irony of one of Tokyo's most pronounced bouts of international activism is that it is left feeling more isolated than included. Japan's confidence in the efficacy of international and regional organizations and multilateralism may be further eroded. How Japan will respond to such experiences is the subject of much speculation. Japan has two extreme options. The first would be to turn inward. An opposite, but also extreme option would be to aggressively and unilaterally exert its interests. Neither is likely in the short-run. A much more likely tack for Japan to take is a "reluctant realism" which will involve a more calculated and persistent pursuit of its interests, political and economic, both within and outside international and regional organizations.

The episode of the subcontinent's nuclear tests also raises doubts about Japan's standing and ability to lead on nuclear disarmament and non-proliferation, a role that Japan has claimed for itself and others have supported. Japan has irreconcilable contradictions in the nuclear realm: it relies on the United States' nuclear umbrella but simultaneously supports nuclear disarmament. This logic is as difficult to reconcile as India's, that it wants disarmament while conducting nuclear tests. Moreover, Japan's lukewarm support for disarmament and its protection under a nuclear umbrella make it an unconvincing advocate of nuclear non-proliferation. Japan's uniqueness as the only country attacked by atomic weapons cannot surmount these contradictions, either morally or practically. The subcontinent showed this. Indians tend to reject Japan's standing to moralize about nuclear

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weapons while under a nuclear umbrella,[34] and some have suggested that if Japan had had nuclear weapons during World War II, Hiroshima and Nagasaki might not have occurred.[35] The weakness of the ODA's leverage on nuclear issues was also demonstrated. India and Pakistan, two of the ODA's largest recipients and countries in which Japan was the number one donor, would not buckle in the face of grant and loan cut-offs. Indeed, it was Tokyo and other major capitals that had to relax their sanctions in November 1998, just months after imposing them, so as to prevent Pakistan's financial collapse. How Japan reacts to these constraints on its nuclear diplomacy will be interesting to observe, especially as the subcontinent has thrown the contradictions and weaknesses of its nuclear policies into bold relief.

The conventional wisdom that worries about China heavily influence Tokyo's foreign and security policies in Asia is also called into question by its response to the subcontinent's nuclear tests. One might have expected that Japan would soft-pedal its opposition to India's overt nuclearization as part of an effort to build bridges with this potentially useful countervailing power to China. There is certainly a small minority in Japan that would wish to do so. One Japanese analyst, Tamotsu Asami of the Yomiuri Research Institute, has written that "the issue of how to deal with the rise of China as a world power will undoubtedly be a major concern for many Asian countries in the 21st century. In this respect, Japan and India are in a similar position, a fact underlined by the latter's nuclear tests".[36] But Japan did not. There is a range of possible explanations for this outcome. At one end of the spectrum, China may not be as important a worry for Japan as conventionally believed. Too much contrary evidence, however, would counter such a conclusion. At the other extreme, one could suggest that China is so central a concern to Japan that it downplayed the China angle of India's justification for its tests and punished India strongly to gain Beijing's favour. After all, Beijing was extremely upset in the aftermath of India's tests, especially Indian Defence Minister George Fernandes' claim that China was India's "number one enemy". However, this explanation is, as the British would say, too clever by half. Though Beijing criticized India, in subsequent months there was a noticeable *rapprochement* between the two countries. Indeed, New Delhi and Beijing exchanged foreign minister-level visits and normalized ties before Tokyo and Delhi did. There are two more reasonable explanations of the China factor in Japan's responses to India's tests. The first is that Japan does not regard India as a useful countervailing power to China. Should the need arise to deal with China, Japan would rely on its alliance with the United States and its own not immodest capabilities. The second, and more compelling

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explanation is that China was simply a marginal factor in Japan's handling of India's nuclear tests because of Tokyo's decision to use the event as a springboard for its larger diplomatic ambitions.

In terms of U.S.–Japan relations, there is evidence that Tokyo has been disappointed with Washington's "soft" response to India's and Pakistan's tests.[37] The United States' reluctance to back Japan's participation in the post-test P–5 foreign ministers' conference must have rankled deeply, especially since Beijing was the chair. Washington's unwillingness to back Tokyo's push to internationalize the Kashmir dispute, lukewarm support for disarmament and demonstrated intention of handling nuclear non-proliferation threats on its own terms has been sobering to Japan. The more recent failure of the U.S. Senate to ratify the CTBT, the central post-tests demand made by both countries of Islamabad and Delhi, has shocked Tokyo. It has also been suggested that Washington was especially perturbed by Japan's emphasis on disarmament progress in the wake of the tests.[38] If so, the differing levels of importance given to disarmament and non-proliferation by Tokyo and Washington could well emerge as an important problem in U.S.–Japan relations. Japan's latent fear of a U.S.–China condominium in Asia was also stoked by the situation in the subcontinent. The U.S.–China joint statement on South Asia has been interpreted, at least in some Japanese circles, as signalling a joint security management agreement between Washington and Beijing. As a NIDS' annual report concluded: "If the tension in South Asia eases by dint of the diplomatic offensive mounted by the United States and China, their voices in the security of Asia would carry much more weight."[39] The entire episode suggests that Japan's dynamic diplomacy brought it few tangible benefits or kudos from its key ally. In the context of a changing world and other problems with Washington, such slights must reinforce Japan's frustrations with the alliance.

Conclusion

Japan's responses to the subcontinent's nuclear tests dramatize its ambitions and the limits to achieving them. A compelling question in the light of Japan's experience during this episode is whether it will try to assert its ambitions again. The uniqueness of the situation in the subcontinent makes generalizations about the conditions under which Japan will do so in the future difficult. Another opportunity that offers Tokyo the chance to show off its contributions to international peace and security, polish its claim to a permanent Security Council seat, and highlight its commitment to nuclear disarmament and non-proliferation at low political, economic and security cost and with near

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unanimous domestic consensus, is difficult to imagine. The ultimate irony is that Japan's push for recognition as a major, political, non-nuclear power has been dealt a cruel and complicated blow by the politics of the bomb.

NOTES

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1. Yoichi Funabashi, "Tokyo's Depression Diplomacy," *Foreign Affairs*, November-December 1998.
2. Australia, Canada, Germany, and the United States joined Japan in imposing sanctions. Their aid amounts were much smaller. China, France, Russia and the United Kingdom did not impose sanctions.
3. France, not an aid recipient, suffered only Tokyo's censure after its nuclear blasts between September 1995 and January 1996.
4. The countries that have imposed sanctions on India and Pakistan have not lifted these sanctions, although minor adjustments have been made. A Japanese foreign ministry official is quoted as saying that "[t]he subject [of easing sanctions] is under Japan's independent consideration and the action will not necessarily be the same as what United States does". See www.indianembassy.org/inews/March99/economy.
5. For a review of the economic sanctions for nuclear tests required by U.S. law, see Satu Limaye, "A Blast to Business: The economic cost of a nuclear test by India or Pakistan could be high", *Business South Asia* (Economist Intelligence Unit, May 1996).
6. The Task Force has met three times to date. The membership has changed. In addition to the G–8 countries, Argentina, Australia, Brazil and Ukraine have attended all three meetings. The ROK joined the third. South Africa declined an initial invitation to join because it was then chair of the Non-Aligned Movement (NAM) and was concerned about the appearance of joining a G–8 sponsored meeting. South Africa has not joined since, saying that it will take up the nuclear issue bilaterally. Singapore, as chair of ASEAN when the Task Force was established, also declined to participate.
7. See, for example, press conference by Japan's MOFA, 3 July 1998.
8. Press conference by Japan's MOFA, 5 June 1998.
9. See Jasjit Singh's reply to the report entitled "Unrealistic and partisan: On the Tokyo Forum on disarmament?" *Hindustan Times*, 12 August 1999.
10. For specific items in the "road map", see press conference, Japan's MOFA, 27 October 1998.
11. See press conference by Japan's MOFA, 23 June 1998, for Japan's position on Pakistan's inclusion in the ASEAN Regional Forum (ARF).
12. The relevant passage from the MOFA press conference reads, "...we [Japan] felt that especially given this recent series of events, that it would be appropriate for Pakistan to take part in the discussions in the ARF in some capacity or other, but perhaps there is not a consensus on the participation of Pakistan. We have been in the process of communicating with the relevant governments concerned and we will know in due course what the outcome will be, but I think you will not be surprised to hear

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that there does not seem to be an enthusiastic consensus on the participation of Pakistan. I do not have to refer to which country might be feeling a bit of reservation about it." Press conference, Japan's MOFA, 23 June 1998.

13. Quoted in Manoj Joshi, "ASEAN Regional Forum: Manila Serenade", *India Today*, 10 August 1998, p. 54.
14. See Purnendra C. Jain, *Distant Asian Neighbours: Japan and South Asia* (New Delhi: Sterling Publishers, 1996).
15. See, for example, Ralph Cossa, "A Cue for Japan to Take the Anti-Nuclear Lead", *International Herald Tribune*, 30 November 1999.
16. According to Japanese press reports, 80 demonstrators took to the streets in Hiroshima, and in Nagasaki 10 persons asked citizens to sign a petition calling for a ban on nuclear weapons. See "Protestors denounce India N-tests", *Daily Yomiuri*, 13 May 1998.
17. That India was calling for disarmament at a time when it was also preparing for or at least considering conducting nuclear tests is a logical problem unrelated to the immediate argument about Japanese public responses to the tests.
18. For responses from Japan's various political parties, see "Party leaders urge more sanctions against India", *Japan Economic Newswire (Kyodo News Service)*, 13 May 1998.
19. See "India Rejects Japanese Humanitarian Aid", *Kyodo News Service*, 26 June 1998.
20. See "Making Waves", *Far Eastern Economic Review*, 15 July 1999.
21. In a statement at the time when it won the two-year non-permanent seat, Japan's foreign minister made explicit mention of the competition for the seat with India. "For over a year, Japan was competing with India in this election. This, however, has not affected friendly relations existing between Japan and India. In the future, Japan intends to work to further develop its friendly and cooperative relations with India, through such endeavors as cooperation at the United Nations." See statement on MOFA website at www.mofa.go.jp, 22 October 1996.
22. For a summary of the problems plaguing Japan–India economic relations, see Satu Limaye, "Sushi and Samosas: Japanese Investment in India", *Business South Asia* (Economist Intelligence Unit, June 1995).
23. See press conference, Japan's MOFA, 3 December 1999.
24. For a Japanese view on the security implications of the tests, see *East Asian Strategic Review, 1998-1999* (Tokyo: The National Institute for Defence Studies, 1999), especially pp. 62-64.
25. Cited in "Tokyo's opposition to tests has no strategic basis", *Hindu*, 23 June 1998.
26. Press Secretary Sadaaki Numata, Japan's MOFA press conference, 2 June 1998.
27. This is the first consideration in the section on "Impacts on the Security of East", *East Asian Strategic Review, 1998–1999*.
28. See ibid., p. 54.
29. See ibid., p. 54.
30. Some Japanese have already noted that the Security Council failed to impose sanctions on North Korea for its nuclear transgressions too.
31. See *East Asian Strategic Review, 1998-1999*, pp. 56-57.
32. Yasuhiro Nakasone, "Japan's firm non-nuclear resolve", *Japan Echo*, October 1998.
33. Yoichi Funabashi, "Tokyo's Depression Diplomacy", *Foreign Affairs*, November-December 1998.
34. Indian Ambassador Naresh Chandra, in an interview with the *San Diego Tribune*, stated that a "lecture from Canada or Japan or Australia carries no weight. Those nations have nuclear guarantees, a nuclear umbrella." Interview, *San Diego Union Tribune*, 4 April 1999.

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35. T. P. Sreenivasan, Deputy Chief of Mission at the Indian Embassy in Washington told an audience that "[w]ith the wisdom of hindsight, one may wonder whether it was the lack of strategic balance and the lack of sensible and sound nuclear doctrines that caused the nuclear attack on Japan". Remarks reprinted at www.indianembassy.org, 9 August 1999.
36. Tamotsu Asami, "What India, Pakistan may gain from nuclear tests — aside from sanctions", *Daily Yomiuri*, 3 June 1998.
37. These feelings may have increased after President Clinton's visit to the subcontinent in March 2000. Many regard President Clinton and Deputy Secretary of State Strobe Talbott's comments before and during the trip as essentially conceding the reality of nuclear weapons in the subcontinent, though by no means approving or officially recognizing the region's nuclear weapons.
38. I am grateful to Michael Green of the Council on Foreign Relations for this observation.
39. *East Asian Strategic Review 1998-1999*, p. 64.

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The Politics of Privatization in the Malaysian Health Care System

SIMON BARRACLOUGH

Despite a strong commitment, for both ideological and pragmatic reasons, to the privatization of state enterprises and services, and pronouncements that public health care services would be privatized, the Malaysian Government has introduced only a selective degree of privatization in the health sector. Haemodialysis, pharmaceutical distribution and hospital support services have been transferred to the private sector. Several privatized entities have links with the dominant party in the ruling coalition government. Moves to privatize public hospitals have politicized health care policy in Malaysia and generated opposition from interest groups and demands for greater public consultation in policy-making. Both political and practical factors have restrained the government from introducing wider privatization policies within the health sector.

Introduction

Health sector privatization encompasses the "high politics" of the very role of the state in providing health care to its citizens: the extent to which Malaysia's historical welfare model of public health care is to be replaced by one in which individuals and employers are responsible for health care costs and services provided by the private, rather than the public, sector. Any radical change in the role of the state as a provider of public health care poses problems of political legitimacy for a ruling coalition which has historically projected itself as delivering socio-

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economic benefits to the population and especially to its principal constituency, the rural Malays. Organized opposition to health sector privatization from medical, consumer and trade union interest groups and the inclusion of health care in the common manifesto of four major opposition political parties have demonstrated the growing politicization of health care policy, which had previously escaped the levels of political conflict which characterized such policy areas as education, culture and economics. Moreover, an investigation into how health sector privatization policy has been made tells us much about the political culture of Malaysia which, despite the country's rapid industrialization and socio-economic development, is still characterized by the reluctance of government decision-makers to consult with consumer interests and to open their decisions to a degree of public scrutiny. Finally, an exploration of the ways in which privatization has been carried out in the health sector reveals the close political linkages of many of the successful tendering consortia with the United Malays National Organization (UMNO), the dominant party in Malaysia's ruling coalition government.

It is important to explore some of the meanings of the term "privatization". In its general application, the Malaysian Ministry of Finance has defined privatization in very broad terms as "the transfer of the public sector activities and functions to the private sector".[1] More specifically, as Jomo has pointed out in his discussion of the wider Malaysian experience, the term "privatization" can be applied to a range of measures, including the actual sale of state enterprises, leasing out assets, joint public–private ventures, private financing of projects, ending public monopolies, and the contracting out to the private sector of services previously provided by the public sector.[2]

The concept of privatization applied to the health system has attracted a number of definitions. Scarpaci conceptualizes it in terms of a shift away from the public sphere, defining it as "reduced levels of public provision, subsidy or regulation of either preventative or curative health services".[3] Muschell points out that "the encouragement of the financing and provision of health services by the private sector" can also be regarded as a form of privatization.[4]

In the case of the Malaysian health care system, a number of elements of privatization can be identified in the actions and articulated policy intentions of the government. However, for the most part, privatization in the health care system has been concerned with seeking to transfer responsibility for the costs of health care to individuals and to employees and with contracting out functions which were previously the preserve of the public sector.

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Privatization as Public Policy

Malaysia has enthusiastically embraced international practice in seeking to privatize a range of government enterprises as part of a national privatization policy first announced in 1983, and subsequently pursued by the administration of Prime Minister Mahathir Mohamad. In the government's view, privatization relieves the state of a number of financial and administrative burdens, improves productivity, facilitates economic growth, reduces the size of the public sector and the presence of the government in the economy, and facilitates national development targets.[5] The ideological underpinnings are clearly proclaimed in the Privatization Masterplan which asserts that "privatization is premised on the superiority of market forces over administrative directives in governing economic activity to achieve efficiency".[6] As well as promoting greater efficiency, privatization will also bring in "new dynamism".[7]

Despite enthusiastic government endorsement of privatization, planning documents expressed reservations about applying this to the health sector. It was recognized that health care was a public good and did not readily fit into a market system. The Privatization Masterplan noted that any proposals to privatize hospitals would have to be studied further and that the government would not necessarily accept all of the projects proposed by the privatization consultants.[8] The Second Outline Perspective Plan even conceded that the government would "concentrate in areas where the market cannot function efficiently or in the provision of public goods such as health".[9]

Malaysia's privatization policy has brought about the total or partial divestiture of state ownership in the railways, the national airline, highways, telecommunications, and electricity generation. Mahathir's catchcry that "the government has no business to be in business" represented a marked *volte face* in Malaysian public policy. Since the New Economic Policy, which had been developed in the wake of the 1969 inter-ethnic riots and the breakdown of parliamentary government, an enhanced role for public enterprises had been regarded as essential for economic growth, alleviating poverty, and decreasing economic disparities associated with ethnicity.

A related policy supportive of privatization has been that of Malaysia Incorporated. Influenced by perceptions of successful corporate–state relations in Japan, South Korea, Taiwan, and Singapore, this concept has been promoted by the Malaysian Government since 1983 with the aim of fostering complementary links between the public and private sectors and minimizing unproductive competition and duplication between them.[10]

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Malaysia's Health Care System

The Malaysian health care system has historically been characterized by a strong public sector presence in the provision of health care, especially in hospital services and primary health care in the rural areas. Although the number of private hospitals has increased substantially over the past decade, the state has been the major provider of hospital services. For example, in 1993, at a time when health sector privatization was increasingly on the policy agenda, the government operated 16 general and 85 district hospitals with some 26,106 beds.[11] Special medical institutions provided a further 7,077 beds. By contrast there were 5,799 beds in the private sector.

The policy on the public provision of health care services has always contained a strong welfare element, and health has been regarded as an essential component of socio-economic development (especially rural development). Moreover, until comparatively recently, only the state had the capacity to invest large amounts of capital necessary for health care infrastructure. The Malaysian Government has succeeded in improving the health status of the population and providing health care for all while keeping health care expenditure at under 6 per cent of the national budget.[12]

Historically, all Malaysians have been entitled to treatment at heavily subsidized rates at public hospitals and public clinics. At the same time, private hospitals and clinics offer services to those able to pay for them out of their own pockets or those covered by employer health benefit schemes. Malaysian civil servants have traditionally enjoyed generous entitlements to public hospital treatment for themselves and their families.

Privatizing Health Care Financing

While in previous decades the Malaysian Government had prided itself on its achievements in health care and the welfare model of public health care services, under the Mahathir administration the public health care sector was increasingly regarded as a burden which the government would be unable to carry in the future. As early as 1993, Prime Minister Mahathir (himself a medical doctor) made it clear that, because of the high costs of health care, the government was no longer willing to provide free or heavily subsidized treatment to all patients.[13] Moreover, the government's concept of Vision 2020, with the goal of Malaysia reaching developed country status by the year 2020, has eschewed the welfare state. Prime Minister Mahathir has asserted the need for "a social system in which society will come before self, in

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which the welfare of the people will not revolve around the state or the individual but around a strong and resilient family system".[14]

Several schemes for financing health care have been articulated by the government. These include the use of compulsory savings, private insurance, and employer-funded private coverage. In order to enable patients to pay a greater share of the costs of their treatment in public hospitals or to seek treatment in private hospitals, the government reformed the Employees Provident Fund (EPF), Malaysia's compulsory retirement fund. In 1994, a scheme was introduced allowing up to 10 per cent of an individual's EPF balance to be used to pay for medical treatment of critical conditions. The scheme can also be used to pay for the medical care of members of the immediate family of the fund-holder. In the 1996 Budget, tax relief for approved pension funds and life insurance premiums was increased by RM2,000 to a total of RM7,000 in order to encourage savings for health care and health insurance coverage.[15] At the tabling of the Seventh Malaysia Plan (1996-2001) in 1996, Prime Minister Mahathir reiterated that the government could no longer afford to provide treatment for free or at a nominal charge. Treatment in government hospitals would therefore have to be paid for through insurance or private treatment schemes. Subsidies would be provided to those Malaysians who could not afford private insurance. Larger companies would be expected to include health cover as part of the employment benefits for their workers.[16]

Early in 2000, the government permitted EPF savings to be used to purchase private health insurance through a scheme negotiated with the Life Insurers Association of Malaysia. The scheme is to be actuarially-based according to the age and sex of insurers, subject to maximum entitlements, and will allow varying premiums for the types of conditions covered. Significantly, the scheme is voluntary and the government has yet to introduce a compulsory national insurance system, despite this having been on the policy agenda for more than a decade.

Privatization of Services in the Health Care System

Much policy planning concerning the Malaysian public health sector has been highly secretive. Indeed, in 1995, the Malaysian Medical Association (MMA) expressed its deep concern about the lack of transparency in the policy-making process and the absence of parliamentary and public debate on health policy. The President of the MMA also complained that matters pertaining to privatization have been kept from the public on the grounds that they came under the purview of the Official Secrets Act.[17]

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No specific detailed policy document relating to health privatization has been publicly issued, and policy documents of any kind have rarely been made public, leaving those analysing policy largely dependent upon ministerial press releases published in the press. Nevertheless, it is possible to identify elements of the policy agenda and also to chronicle steps taken to privatize certain functions of the public health sector. In 1985, two committees were set up in the Ministry of Health to examine the privatization of medical and non-medical services. More than a decade later, as we shall see below, the large-scale privatization of non-medical services was introduced; however, action in relation to medical services was of a limited nature. By 1990, some 26 private practitioners had been granted access to under-used public facilities in fifteen district hospitals in seven states. In the same year, 14 private anaesthetists were engaged to work in four general hospitals. Selected use of private facilities by government doctors also occurred.[18]

The Privatization Masterplan, published in 1991, devoted very little attention to the health sector. However, the Central Medical Store was identified in the plan as "classification two" (privatizable in the medium term of two to five years) while Malaysia's general hospitals were assessed as "category three" (privatizable in the long term, that is, after five years).[19]

An unpublished 1991 internal Ministry of Health document revealed a highly cautious approach to privatization. While some of the possible forms of privatization of health services were discussed, the document stressed the need for the policy implications of the New Economic Policy as well as practical, legal, and costing issues to be assessed.[20]

The Sixth Malaysia Plan (1991–95) reiterated the government's policy of encouraging private physicians and surgeons to enter into part-time contracts to work in the public sector and also to allow private practitioners to use facilities at general and district hospitals in order to alleviate the shortage of medical personnel in the public sector. The Plan also contained a strong commitment to encourage the growth of the private health care sector and committed the government to making use of the private sector in cases where public health facilities were unavailable and private services were cost-effective.[21]

In 1992, the Ministry of Health announced that haemodialysis clinics in 16 general hospitals would be contracted out. When after two years this decision had still not been implemented, the Cabinet directed the Ministry to speed up the privatization of its haemodialysis division. The government also offered to subsidize dialysis treatment for the poor in an effort to allay concerns about equity, since private clinics were

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charging RM150 per session compared to the set RM10 in public facilities.[22] The government also urged philanthropic bodies and charitable organizations to become involved in the provision of dialysis services by establishing clinics or sponsoring patients. Despite philanthropy and government subsidies, the National Kidney Foundation estimated in 1996 that some 80 per cent of the 2,000 Malaysians with end-stage renal failure would die because they could not afford treatment.[23] This chilling prediction, associated with one of the first forays into the privatization of health care, risked considerable public opprobrium; nor was it in keeping with Malaysia's Vision 2020 of a technologically modern and caring society which the government has sought to project. The government responded by making RM25 million available to charitable bodies to assist in establishing ten dialysis centres.[24] The issue of the privatization of haemodialysis services is indicative of the equity problems that would be associated with the privatization of hospitals; the government would still be expected to provide substantial subsidies for the treatment of those unable to pay the full cost of their care.

In 1993, the government commissioned a study, by a private consulting firm, into the feasibility of corporatizing five major public hospitals. Corporatization involves the removal of hospital employees from civil service terms and conditions and the incorporation of hospitals as government-owned companies trading along commercial lines. Malaysian policy planners were influenced by the example of Singapore where corporatized hospitals, although government-owned, had autonomy in their financial and staff management and were encouraged to compete with one another and with the private sector. In the Malaysian context, corporatized hospitals would be able to pay higher salaries and therefore help stem the flow of medical and nursing staff to the private sector, as well as freeing medical staff to conduct private practices while still being employed in a public hospital. The National Heart Institute had been a corporatized entity from its inception. Corporatization policies had also been instituted in university teaching hospitals (administered by the Ministry of Education) in order to allow its academic staff to carry on controlled private practices within a public hospital.

Corporatization can be perceived as a first step towards the divestiture of ownership by the state, since it is a necessary legal stage in privatization, and corporatized hospitals can be sold as going concerns to private purchasers. Indeed, it is not surprising that such was the popular perception, since in confirming that the Kuala Lumpur Hospital would be corporatized, the then Health Minister actually indicated that it was to be privatized.[25] Nevertheless, the fact that a

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hospital is corporatized does not necessarily mean that it will all be handed over to private ownership. However, given that such a hospital would be run along commercial lines and that higher salaries would be paid, the government conceded that the operating costs would rise substantially, notwithstanding any productivity gains as a result of improved management. These costs would be partially offset by charging higher fees for patients, although the government made a commitment to continue to subsidize treatment for the poor and to maintain the outpatient divisions of government hospitals as a public service.[26]

In 1994, the government awarded a fifteen-year renewable concession to Remedi Pharmaceuticals, a subsidiary of United Engineers Malaysia (UEM), for the privatization of the government medical stores and laboratory. The privatization exercise covered all manufacturing, purchasing, storage and distribution activities previously handled by the government. The performance of the concession-holder was to be overseen by a committee headed by the Ministry of Finance and representatives of other ministries, including Health. UEM, a company largely engaged in construction projects, was part of the conglomerate Renong which, in turn, was the investment arm of Fleet Holdings, a corporation which had been used as an investment vehicle by UMNO.[27]

In 1994, the government announced that the Kuala Lumpur Hospital would be redeveloped by a private company. The hospital was no longer adequate and would be demolished and rebuilt as a high-rise structure on a portion of the land which it occupied. The remaining land would be developed as a commercial centre. The then Minister for Health was careful to clarify that only the redevelopment, and not the hospital's functions, would be privatized.[28]

The biggest privatization exercise in the Malaysian health system, and, according to the Health Minister, the biggest health care privatization project undertaken by any country in the world, was finalized in 1996. Under an agreement originally made in 1994, hospital support services were transferred to three separate private providers. Each consortium for the privatization project was awarded a monopoly in its particular geographical zone of responsibility. The privatized services consisted of clinical waste management, cleaning, linen and laundry, facility engineering maintenance, and bio-mechanical engineering maintenance. Under the terms of the project, the three private providers would be responsible for the ownership, management, and operation of hospital support services in medical institutions as well as the general, district and nucleus hospitals operated by the Ministry of Health. They were also required to fulfil a

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number of performance indicators set by the government.

The three successful bidders for the privatization project were Faber Medi-Serve, Tongkah Medivest, and Radicare. In order to understand the political economy of this privatization exercise, it is important to explore the relationship of these companies to Malaysia's ruling coalition government, the nature of the consortia they represent, and their other links with the Malaysian health system.

Faber Medi-Serve, which was allocated the northern part of peninsular Malaysia together with Sabah, Sarawak, and the federal territory of Labuan, was a consortium of four companies, including Medlux (Guernsey) Ltd. The majority shareholder, Faber Health Care Management Services was a wholly-owned subsidiary of the Faber Group which, in turn, was a 60 per cent subsidiary of Renong.[29] Once more, Renong, a major conglomerate identified with UMNO, was awarded concessions in the health system by the government. Faber Medi-Serve brought in international expertise by sub-contracting specialized work to companies with U.S. involvement.

At the time of the award of the southern zone to Tongkah Medivest consortium, the managing director of Tongkah was Mokhzani Mahathir, the son of the Prime Minister. Mokhzani had also been involved in the establishment of Medivest, another company in the consortium. Mokhzani subsequently acquired a controlling interest in the publicly-listed private hospital corporation Hospital Pantai Berhad.[30]

Radicare, which won the most lucrative sector (containing the biggest hospitals), was originally awarded the contract as Asia Lab, a company then owned by two Malay entrepreneurs, Sulaiman Aris and Azmi Jaafar. Both had links to UMNO and had a decade earlier worked for Musa Hitam (who had been Deputy Prime Minister and former deputy leader of the party between 1981 and 1985).[31]

Privatization was also an element in the monitoring of the new arrangements since Sistem Hospital Awsan Taraf (a private consultancy consortium comprising Kejuruteraan Kota Aman, Paramount Merge and QSTD-SIHAT) was appointed to support Ministry of Health engineers charged with the task of supervising the performance of the three concession holders. In addition, the concession holders would be required to link their computer systems to the Ministry of Health to facilitate monitoring.

Another monitoring function privatized by the government was that concerned with the medical inspection of foreign workers. Malaysia requires the many thousands of foreigners seeking to work in Malaysia to be screened for diseases. The contract for these services was granted in 1997 to the consortium Fomema (the Foreign Workers Medical Examination Agency), one of whose directors was also

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involved in the firm monitoring the performance of the privatized hospital support services.

Food supplies joined other support services being privatized. In 1996, the Economic Planning Unit (EPU) of the Prime Minister's Department announced that food procurement and supply to government institutions, including public hospitals, was to be put out to tender.

The Seventh Malaysia Plan (1996-2000), the country's most recent development planning blueprint, contained mixed messages about privatization. While the commitment to expand the public health care sector was reiterated, the Plan also reaffirmed the government's intention to continue making use of private sector facilities, to permit private practitioners to admit and treat patients in public hospitals on a contractual basis, and to employ private specialists in public hospitals. The Plan was vague as to which services would be privatized, only indicating that "a number of facilities and services such as the school health and dental services will be considered for privatization".[32] However, when launching the Seventh Malaysia Plan in Parliament, Prime Minister Mahathir specifically stated that the government "intends to privatize many of the health facilities, including hospitals and specialist units".[33]

Preliminary contracts were awarded for the privatization of the institutional inspection activities of the Department of Occupational Safety and Health and for Malaysia's ambulance services. The government intended that, although provided by the private sector, ambulance services would be publicly funded until the future introduction of some form of national health financing scheme.

The Official Rationale for Privatization in the Health Sector

In his study of privatization in the health systems of developed countries, Scarpaci enumerated some of the merits of privatization identified by its proponents. A basic premise of supporters of privatization is that the state is an inherently inefficient service provider, that the civil service ethos of state organizations hampers effective management and that the public sector represents a "public burden" because of its largely unproductive nature. Privatization makes service providers more accountable and responsible to consumers, allows innovation, and reduces the financial burden on the state which, in turn, fosters capital formation and promotes economic development.[34]

In Malaysia, similar arguments have been proffered as a rationale for privatization. Apart from the general rationale discussed earlier,

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operational efficiency has been the principal rationale for privatization. In the case of the privatization of the government's pharmaceutical laboratory and central store, the then Health Minister indicated his hope that privatization would lead to greater efficiency. This was despite the fact that the government had, only a year before, claimed as an "achievement" its modernization of stores management and control and the implementation of an integrated medical store system.[35]

In an obvious attempt to legitimize the privatization of hospital support services, Health Minister Chua Jui Meng went out of his way to paint a most abject picture of low standards in the public sector, while welcoming the injection of capital and improved management which privatization would bring. The Minister estimated that only 35 per cent of standards were being met by the public sector. In clinical waste management, only 15 per cent of ISO standards were met, in linen and laundry 35 per cent, while for cleaning and engineering maintenance the figure was 45 per cent. Bio-mechanical engineering fared much better, meeting 60 per cent of standards.[36] Such an admission by the Minister responsible for such services was candid indeed, and perhaps says more about the need to improve management in the civil service than any intrinsic inability of the public sector to meet expected standards.

Socio-Economic Issues in Health Sector Privatization

Privatization in the Malaysian health sector has raised a number of issues, some of which have been discussed in public and some of which remain latent. From time to time, questions have been raised in Parliament about equity issues and services to rural areas, and a number of interest groups have criticized aspects of the privatization of health services, including the replacement of the service ethic with the profit motive. The provision of subsidized health services has been a potent latent political issue which has become increasingly overt on the political agenda, since Malaysians have grown accustomed to the government's dominant role in providing low-cost services. Moreover, UMNO must take great care not to alienate its principal constituency, the rural Malays, by appearing to diminish the welfare role of the government. The sensitivity of privatization in the health sector has been evident in the reluctance of the government to make its detailed plans public or to encourage public debate on the issue. It has also sent mixed and confusing signals, at one time denying that it had immediate plans to privatize health services and at other times indicating that this was precisely its intention. For example, in 1994 the then Health Minister Lee Kim Sai conceded that the government recognized that

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privatizing hospitals would have an adverse effect on the population and that the government had no plans to privatize its hospitals.[37] Yet, as we have seen, less than two years later, the Prime Minister, when launching the Seventh Malaysia Plan, announced the government's intention to privatize hospitals.

It is clear that the government's ability to privatize health services, as against support services, was (and will be) considerably limited by the absence of some form of national health insurance. The creation of an equitable health insurance system will be a major challenge for policy planners. Those Malaysians engaged in subsistence or seasonal work will be difficult to include in any salary-based system of deductions; and many Malaysians are still in the low-income category, despite the country's growing prosperity. According to the Household Income Survey for 1995 cited in the Seventh Malaysia Plan, some 11 per cent of Malaysian citizens lived in poverty.[38]

The monitoring and regulation of privatized services is a vital element of the policy implementation process. By 1996, the government had established eleven regulatory bodies to oversee some of the former public utilities although no single umbrella agency to monitor the consequences of privatization had been created. The Director-General of the EPU conceded that almost all the regulatory bodies had been unable to function effectively. In the case of the privatization of hospital support services, the government had still not finalized the regulatory arrangements at the time it awarded the contracts; and the Minister admitted that the Ministry of Health was actually unable to handle the task unless private consultants were used.[39] Moreover, the use of a private consultancy firm in the monitoring process of several services in the health sector has further removed the government from direct evaluation of the outcomes of privatization. As Bennett *et al.* have argued in their discussion of the privatization of health services in developing countries, it is often hard for the government to obtain adequate information on the performance of service providers and "regulatory problems are particularly intractable".[40]

As Defever has observed in reviewing health care reform in a number of health systems, "an increase in the private sector does not mean a decrease in costs".[41] In the Malaysian context, concerns have been expressed about the rising costs associated with privatization. In the case of pharmaceutical supplies, there were sharp increases in the cost of many commonly prescribed drugs following the privatization of the government's medical stores, leading a former President of the Malaysian Medical Association to criticize the policy.[42]

Another former President of the MMA has suggested that increases in the cost of treatment in the corporatized National Heart Institute

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"reinforces the perception that the corporatization of health care is being driven by entrepreneurial and commercial considerations".[43] Commercial enterprises, by definition, are concerned with profit and usually seek to maximize the sale of the goods or services in which they deal. In the health field, such an ethic, unless checked by regulation, will have the effect of encouraging greater use of health services and health-related goods. Thus, while the government's share of health expenditure may fall, total expenditure on health goods and services will rise.

Equity is a major concern in any privatization process. The Malaysian Government has sought to reiterate its commitment to providing health care access for the poor in its public statements about privatization. For example, the Seventh Malaysia Plan contained the pledge that "for the low-income group, access to health services will be assured through assistance from the Government".[44] In reply to concerns expressed about the effects of hospital corporatization on those in the lower income group, the Parliamentary Secretary to the Minister of Health assured the Senate that their interests would be taken into account by the government.[45] Nevertheless, the cases of the National Heart Institute and the haemodialysis services have caused serious reservations about equity in the Malaysian health system and the danger of a two-tiered health care system.

Political Opposition to Health Care Privatization

A review of opposition to the privatization of health care reveals a growing politicization of the issue. Initially, consumer groups voiced serious concerns and they were subsequently joined by the Malaysian Medical Association and the Malaysian Trade Union Congress (MTUC). Eventually a broad coalition of interest groups, professional bodies, individuals and opposition political parties was organized with the aim of opposing the privatization of health care. At the 1999 general election, the privatization of health services became an overt political issue and was featured in the common manifesto of the four major opposition parties.

The Consumers' Association of Penang (CAP) has long been a champion of increased government involvement in health care and has argued for increased, rather than decreased public expenditure on health, as well as greater efforts to assist the poor. In 1995, the CAP submitted a memorandum to the Minister of Health criticizing moves to privatize health services, arguing that the government spent a comparatively small percentage of gross domestic product (GDP) on health, and asserting that the government had a "social and moral

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responsibility to provide health care to its people".[46] The Federation of Malaysian Consumers Associations (FOMCA), although less strident than the CAP, also expressed serious reservations about the privatization of health services, observing that:

> There are fears that efficiency and effectiveness rather than equity will guide planners and influence rather than competence will determine who will manage the resulting system.[47]

In 1996, the Malaysian Medical Association urged the government to reconsider its policy of seeking to privatize government hospitals and services and suggested that more be spent on public health care. In his annual presidential address, the then President of the MMA, Dr R. S. McCoy, called on the government to "continue to discharge its inescapable social obligation and financial responsibility to provide equitable, affordable, quality health care for the people of Malaysia ...."[48]

The President of the Malaysian Trade Union Congress added his voice to opposition to health services privatization, observing in 1998, that "the corporatization and eventual privatization of our medical and healthcare facilities are defeating the Government's objective of providing good and affordable medical treatment to the low and middle-income groups".[49]

The hitherto disparate sources of opposition to corporatization and privatization were brought together in 1998 into an informal coalition known as the Citizens' Health Initiative (CHI) which led to the publication of *A Citizens' Health Manifesto for Malaysia*. This new entity sought to influence both policy outputs and the very policy process itself. In addition to being concerned about the need for public health care in Malaysia to be both equitable and accessible to all, the *Manifesto* asserted the need for greater transparency and increased consultation in health policy-making. The Internet, a communications medium increasingly used by political dissidents in Malaysia, was used to make the *Manifesto* more widely available.[50] An examination of the organizations and individuals endorsing the *Manifesto* reveals widespread concern with the direction of Malaysian public policy on health care. Health services groups participating in the CHI included the Malayan Nurses Union, the Mental Health Association, the Malaysian Disabled Persons Association and the Estate Hospital Assistants Association. Noticeably absent was the Malaysian Medical Association, arguably the country's most influential health interest group, although four past presidents endorsed the *Manifesto* in their private capacities. It would seem that the MMA has chosen to avoid becoming involved in an official capacity in such overt political conflict. Aliran, one of Malaysia's most active social reform groups, was one of the major proponents of the CHI, but several other organizations,

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including the Muslim missionary body Perkim and several branches of the YWCA, gave their support. The major consumer groups, FOMCA and CAP endorsed the *Manifesto*, as did the MTUC. Two opposition political parties, the Democratic Action Party and Parti Rakyat Malaysia, also endorsed the *Manifesto*. Several prominent members of the Malaysian élite gave their public support for the *Manifesto* in a private capacity. These included former Lord President, Tun M. Suffian, a number of medical specialists and general practitioners, senior academics, and some prominent members of the Malaysian Medical Association.

On the eve of Malaysia's 1999 general election, the Malaysian Government responded to the growing politicization of health care policy and the fact that opposition parties were ensuring that corporatization and privatization were firmly on the political agenda. In an effort to defuse this issue, Health Minister Chua Jui Meng announced that the Cabinet had decided that public hospitals and clinics would not be corporatized and that they would continue to be owned and operated by the government. Moreover, under future development plans some thirty new public hospitals would be built. He also stated that increased costs in providing treatment would be absorbed by the government.[51] This apparent reversal of policy on corporatization and renewed commitment to public health care reflected the government's perceived vulnerability to the politicization of health care reform. However, it also recognized the practical obstacles to any attempt to dismantle the country's long-standing public health care system at a time of socio-economic instability in the wake of the Asian financial crisis and continuing political conflict associated with the dismissal from office and gaoling of Deputy Prime Minister Anwar Ibrahim.

Despite the Malaysian Government's public affirmation of its commitment to heavily subsidized public health care, the four major opposition parties, including UMNO's major rival for the Malay vote, Parti Islam SeMalaysia, issued a common manifesto for the 1999 general election in which they criticized the Barisan Nasional (National Front) government for not making quality medical care available to a significant segment of the people for free or at a reasonable cost. The right to health was recognized as a basic human right. The issue of privatization was specifically criticized in this manifesto. The government was accused of cronyism, nepotism and burdening the population with higher costs while at the same time failing to develop an effective regulatory framework. The four parties pledged that if they came to power, programmes to privatize the public health system would be abolished and a review of the cost and quality of service of existing privatized services would be undertaken. Various options for

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financing health care would be explored, including the establishment of a national health insurance scheme.[52]

Conclusion

To date, privatization in the health sector has been concerned primarily with support services, and with the monitoring of certain health services, rather than with the actual provision of health care. With the exception of some dialysis services and limited private practice in public hospitals, privatization has not had a substantial impact on clinical services. Support services are now provided to public hospitals by private corporations with corporate or personal connections with UMNO. The conglomerate Renong has been a particularly conspicuous player in health sector privatization. The granting of projects to *bumiputra* (indigenous people) and to interests close to the ruling coalition (in particular to UMNO) has been a common feature of the implementation of privatization in Malaysia.

A major practical obstacle to the privatization of health services has been the absence of a national mechanism for financing health care, despite several attempts to develop such a scheme. The creation of such a scheme is posited upon continued economic growth and rising incomes for Malaysians. The economic crisis, which led to a substantial devaluation of the Malaysian currency (the ringgit) in the last quarter of 1997 and the subsequent economic recession, undoubtedly caused further uncertainties in the development of a national health financing scheme. The economic recession led to an estimated 20 per cent increase in usage of public hospitals as many Malaysians were no longer able to afford the fees charged by the private sector and lost their access to employment-based private schemes.[53] Given the government's oft-stated commitment to ensure that lower-income groups are provided with adequate health care, any privatization of public hospitals would have to be accompanied by substantial subsidies and close regulation to ensure that they undertook their social role. For many Malaysians, commercial private hospitals have symbolized the dangers of privatization, since they are often owned by corporate conglomerates, are unequivocally profit-orientated, and provide care only for those able to pay. Moreover, the officially encouraged expansion of these hospitals has actually impoverished staffing in the public sector by drawing away experienced medical and nursing personnel. These hospitals have been lukewarm in their response to calls from the government to play a greater social role by cross-subsidizing poor patients. As a result, the government enacted the Private Healthcare Facilities and Services Bill 1998, empowering it to

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require a proportion of private hospital beds to be reserved for patients of a lower socio-economic level.

In terms of socio-economic outcomes, the consequences of privatization have yet to be assessed. If any evaluations have taken place, they are yet to be made public. The absence of publicly-available data precludes evaluation by non-government organizations or academic analysts. The Official Secrets Act still hangs like a Damoclean sword over the heads of those health care professionals who have participated in the health financing policy process. In such an environment, well-informed criticism is difficult. Comments from health care professionals have largely been negative. Concerns have been expressed about the higher costs of some essential drugs, and the predicament of dialysis patients unable to afford the increased costs of treatment in privatized facilities has received considerable attention in the press.

At the political level, unprecedented in the history of the Malaysian health system, there has been wide-scale mobilization of interest groups, political parties, and individuals to defend public health care. This coalition, which includes a wide base of interest groups and stands astride ethnic lines, has also demanded increased consultation and participation in the policy process. This phenomenon is reminiscent of the coalition of interest groups which came together in 1981 to oppose the government's decision to amend the Societies Act further to restrict political participation.[54] Such broad-based mobilization is significant for the wider political culture since it once more demonstrates the capacity of Malaysians to act in the public domain to defend their interests and to demand the right to participate in political decision-making. It also coincided with increased levels of political protest in the wake of the gaoling of Anwar Ibrahim.

In terms of party politics, public health care has taken its place as a mainstream policy issue and was featured in the common manifesto of the major opposition parties at the 1999 general elections. Given the depth of feelings demonstrated by the Citizens' Health Initiative, this issue will likely remain on the Malaysian political agenda for the foreseeable future. Moreover, any threat to the access of lower-income groups to health care services would be politically damaging for the government, especially among its rural Malay constituents who look to the government to provide education and health services. The reluctance of the government to generate public discussion about the future direction of the health care system suggests considerable political sensitivity.

Policy-making with regard to the privatization of the Malaysian health sector has been cautious, secretive, and characterized by obvious

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sensitivity on the part of the government. It has sometimes been possible (especially during informal discussions) to discern tensions within the government and bureaucracy, between those strongly committed to a welfare model in which the provision of health care is a public good serving to enhance equity and those inclined to the view that for most Malaysians it should be a commodity to be purchased through various financing schemes ranging from insurance to compulsory savings.

On occasions, most clearly in the launching of the Seventh Malaysia Plan, the government signalled its intention to privatize health services, including public hospitals; on other occasions, and most notably on the eve of the 1999 general election, it appeared to resile from such a policy. This ambiguity, as well as a lack of detailed information on the privatization policy in the health sector, has made it difficult to be sure of the government's future plans. In terms of communicating its policy on health care to the public, or for that matter to the élite, the government has performed poorly. It has been unclear whether moves to corporatize public hospitals have been merely an effort to improve efficiency (as the government claims) or, as they have been perceived in some quarters, represent the first step in the actual divestiture of government ownership. Many Malaysians will continue to believe that the privatization of public hospitals is still on the political agenda, despite the government's assurances to the contrary.

Feigenbaum and Henig have discerned different approaches to privatization and distinguished between governments which have a "grand political project" to achieve a long-term transformation of society and those which simply desire shorter-term pragmatic benefits through pursuing privatization policies.[55] Elements of both approaches are evident in Malaysian public policy on privatization in the health sector. According to the Ministry of Finance, "a pragmatic, case-by-case approach to the methods of privatization has been adopted".[56] Nevertheless, in the government's dismissive attitude to the welfare state and its incremental commitment to privatization in the health sector, it was possible to discern a desire ultimately to alter the nature of Malaysia's health care system in a more systemic way. The essential question will be the extent to which this will still be possible, given the practical limitations caused by the imperative of providing access to health care for all Malaysians and the manifest political opposition to privatizing public health care.

NOTES

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The Political Economy of Vietnam's Transformation Process

QUAN XUAN DINH

Reforms started by Vietnam in 1986 are far from complete. As a result of a slowdown in economic growth, growing unemployment, and social unrest, Vietnam faces renewed challenges for further reform. With doi moi *(renovation) there has been greater openness and mounting pressure for more open discussions within the Communist Party of Vietnam (CPV). The country faces two options: to continue with the same pace of change and risk falling economically behind neighbouring countries, or to undertake more radical economic reform and risk losing control. This article explores the economic decision-making process in Vietnam. It argues that gradualism in reform is due to internal strife, to a trial-and-error approach, and to the lack of capable human resources. Evidence suggests that prescription for economic reforms cannot be carried out effectively without modernizing the CPV's political decision-making process.*

Introduction

Vietnam has been going through a transition from a command economy to a "socialist-based market economy" since 1986. The "renovation" (*doi moi*) policy began with a reform in the agricultural sector, where land was redistributed among rural households. Wide-ranging economic reforms have been introduced since then. As a result, the economy has achieved a steady growth of about 8 per cent per year since 1992. According to the 1997–98 Vietnam Living Standards Survey (VLSS), the ratio of poor[1] has dropped from 58 per cent of the population in 1993 to 37 per cent in 1998.[2] Living standards have

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improved but the benefits have been distributed unevenly. Poverty remains largely a rural phenomenon.

Since the Seventh National Congress of the Communist Party (NCP) in mid-1991, Vietnam has moved to normalize relations with China, Japan, the United States, the ASEAN states, and other countries. Vietnam's development strategy has been tilted towards protected and capital-intensive industries dominated by state-owned enterprises (SOEs). Once seen as the next "tiger" in Asia, Vietnam seemed ready to boom in the late 1980s. However, growth stalled before an economic crisis hit the rest of East Asia in the second half of 1997 and, since 1996, Vietnam has experienced a decline in foreign direct investment (FDI), a fall in exports, a drop in economic growth, and came close to a mini-banking crisis in 1997 and 1998.[3] These events were to spark frantic calls by Vietnam specialists and international organizations for the government to speed up the pace of structural reform. As *doi moi* reforms have deepened, there has been a lack of consensus within the Communist Party of Vietnam (CPV) as to the speed, depth, and pace of further reforms. Heated debates came into the open for the first time during the Eighth National Congress of the Party. As a response, the Fourth Central Committee of the CPV plenum in December 1997 reaffirmed Vietnam's commitment "to accelerating comprehensive and uniform renovation", but would do so at its own pace.[4]

The problems of reform of the early *doi moi* period in Vietnam are well known.[5] The country began from a low base and many economic reforms started from "below", while the political sector was left untouched. In recent years, slow growth has led to higher unemployment, taken a toll on government revenues, and resulted in deep cuts in the social sectors. An obvious question arises: why is Vietnam reluctant to pursue the rapid changes initiated in 1986? Internal strife has slowed the pace of change. Vietnam offers an interesting example of the dynamic process of reform and its economic consequences which could induce the process of change in the institutional and political sectors. This article tries to explore the economic decision-making process in recent years. It offers explanations to the politics of change, arguing that gradualism is due to internal opposition, lack of human resources, and a trial-and-error approach followed by the government. It attempts to show the need for political and institutional *doi moi* in the area of economic decisions.

Doi Moi and the Role of the State

Vietnam's renovation process was influenced by the context of the economic crisis of the mid-1980s. That crisis forced the CPV to end

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decades of isolation and embark on an array of economic and social reforms. This renovation was carried out without outside help. The *doi moi* programme has been characterized by openness to foreign investment and trade and strong economic basics: a stable exchange rate, low inflation, and a low deficit policy. The programme set broad macroeconomic policy to stabilize the economy and to attract foreign investment. A series of reforms was introduced, including that of the tax system, the banking system, foreign trade, exchange rate management, and so on. The reforms have yielded unprecedented levels of growth. Inflation has been kept in check and the budget deficit has been reduced to an acceptable level of 2–3 per cent of gross domestic product (GDP). The trade deficit has also been reduced. Outputs are closely associated with the growth in foreign direct investment (FDI) and exports. In recent years, Vietnam has relied on external funds to finance its growth,[6] with Asian countries accounting for more than 65 per cent of FDI.

FDI, official development assistance (ODA), and overseas Vietnamese (Viet Kieu) remittances[7] have fuelled investment, which grew from 11.6 per cent of GDP in 1986 to 29 per cent in 1997. FDI has generated growth in industry, ODA has been used for infrastructure development and social services, while Viet Kieu remittances have been funnelled to social services and small and medium enterprises (SMEs). There has been a significant rise in ODA, averaging US$2.1 billion per year during the past five years. Currently, US$6.4 billion of ODA commitments are still undisbursed because of a low absorptive capacity.[8]

The *doi moi* programme introduced diversified forms of ownership, both public and private. During 1987–91, budgetary subsidies to SOEs were abolished. Retrenchment of the state sector in 1990–92 affected over 1.1 million workers and reduced the number of SOEs from 12,000 to about 6,000,[9] which were subsequently further reorganized and reduced to about 5,300 enterprises. SOEs account for 30 per cent of GDP and 15 per cent of non-agricultural employment. FDI investment in the SOE sector is capital-intensive and involves import-substituting industries which are not competitive on the world market.[10] The industrialization strategy favours SOEs because the Vietnamese development model is based on:

- the leading role of the state in industrialization and modernization;
- strong administrative controls; and,
- dependence on foreign investment and exports of primary commodities.

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The model stresses the leading role of the state as the agent for change.[11] However, it misses the core element of economic development: productivity. Vietnam supports the dominance of SOEs through bank credits, tax breaks, and state contracts. Foreign investment is funnelled into SOEs through joint-venture enterprises.[12] About 60 per cent of SOEs are unprofitable[13] and as a result, non-performing loans (NPL), estimated at US$6 billion (or one-quarter of GDP), are endangering the banking system.[14] Agricultural growth, which has been between 3 and 4.5 per cent a year from 1987 to 1999, helped transform Vietnam into the second biggest rice exporter in the world, with 4.2 million tonnes in 1999. However, poverty is concentrated mainly in the rural areas where 77 per cent of the population resides, and where *doi moi* remains fragile.

The Results of *Doi Moi* in Recent Years

What have been the results of the *doi moi* programme over the past fourteen years? *Doi moi* has achieved progress in improving the well-being of the people.[15] The United Nations' Development Programme's (UNDP's) 1998 Global Human Development Report ranks Vietnam at 122nd out of 174 countries surveyed. Although Vietnam did not fare badly within its income category, there are still many disturbing trends.[16] In education and health, poor families bear a disproportionate burden through the collection of fees. Basic education — primary, lower secondary, and at the vocational level — tends to be inadequate in the rural areas.[17] There is no universal health insurance, and in the rural sector, commune health centres (CHCs) are under-funded, with personnel under-trained and thus unable to meet the needs of rural residents. Only 5 per cent of the health budget is allocated to the CHCs, which serve 77 per cent of Vietnam's population. The collection of user's fees constitutes an impediment for the poor.[18] The majority of people still rely on family support for old age retirement.

In recent years, Vietnam's GDP growth has been halved, from 9.5 per cent in 1995 to 4.8 per cent in 1999. This slowdown has had negative effects on employment and poverty. Unemployment in urban areas was estimated at 7.4 per cent for 1999, while underemployment in rural areas is reported at 28.2 per cent. By postponing the restructuring of SOEs, Vietnam is postponing reforms at the enterprise level that could help foster efficiency and the emergence of a private sector.[19] By postponing public administration reform (PAR) and a further opening of the political system, Vietnam is in effect postponing the emergence of institutional and political capacities that could help attract foreign investment and improve governance. The insistence on the "leading

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role of the state"[20] and bad policies have become impediments to economic development and are major contributors to the current difficult situation. Collective decision-making is still shrouded in secrecy, while corruption is rampant at the core of the CPV.

The Asian economic crisis intensified the debate in the CPV about the best way for Vietnam to deepen its reforms.[21] The past three years of indecision has slowed down economic growth. Besides the problem of slow versus fast reform, there is also the issue of the degree of state control. Why is Vietnam so reluctant to speed up reforms now compared with 1986? Why has there been a slowdown? What change in the system could help the CPV speed up the decision-making process?

The Functioning of the CPV and the NCP Process

Vietnam introduced its *doi moi* programme in 1986 because it had no other alternative. Then, as now, the party's legitimacy was eroding. Vietnam's adventurism in Cambodia, the border war with China, and the mismanagement of the economy burdened the people. Considerable internal discussion led to the *doi moi* programme being introduced during the Sixth National Congress of the Party (NCP) in 1986. However, once Vietnam's sense of crisis started to ebb and foreign investment began to flow in, ideology returned to hamper the *doi moi* process. Since the early 1990s, there has been a reluctance to step up the pace and depth of reforms.

In 1999, the Communist Party of Vietnam had more than 2.2 million members out of a population of 77.5 million. The selection of leaders and the formulation of major policies are the preserve of the National Congress of the Party. Every five years, the Party organizes an NCP to chart its economic and political programmes. Twice a year, the Central Committee (plenum) meets to discuss directives or problems that arise during the implementation of the programme charted during the NCP.

Party members are informed of the NCP process through the study and discussion of various draft political and economic reports that are prepared for the NCP meeting. Party cells select representatives for the NCP every five years. Although about 1,200 representatives are selected to sit in the NCP, the general public is kept out of the process. A small number of representatives (around 180) are selected as members of the Central Committee (CC) of the Party. The most important component of the CC is the Politburo and its standing committee. The Politburo (comprising 18-20 persons) manages and takes major governmental decisions. Normally, the standing committee (of 5 persons) represents the Politburo and manages day-to-day affairs. The Politburo members

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have little or no training, much less an understanding of economics or the functioning of the market economy.[22]

The Politburo operates by consensus following the Marxist-Leninist principle of democratic centralism, which insists on *nhat tri* (unanimity). This decision-making process had served the CPV well during the war years. However, the standing committee and especially the Secretary-General can lobby and take decisions informally.[23] The Party selects members of the state/government apparatus: the President of the Republic, the Prime Minister, and the Speaker of the National Assembly (NA). Furthermore, members of the Cabinet come from the CC or the Politburo.

The whole politico-economic decision-making process is shrouded in secrecy. It is like a shadow-boxing match between various competing factions in the Party. In a communist system, party discipline, the lack of trust between members, and the absence of public perusal allows the Secretary-General and the small number of Politburo members to monopolize power and decisions.

The Eighth National Party Congress Process

Until the Seventh NCP, the CPV had been able to project a facade of unanimity. However, the reality was that the Party was split and this came into the open for the first time during the Eighth NCP. Prior to this, various factions in the Party had manoeuvred to control the preparation of draft reports, the agenda of the NCP, as well as the selection of representatives because major decisions taken during the NCP were negotiated and decided there.

The conservative members of the leadership in Vietnam are strong believers in socialist orthodoxy. After a lifetime of belief in Marxism, they are uneasy about the market economy. Thus, there is a strong preference for a "socialist-based market economy", that is, in accordance with socialist ideology and practices. The conservatives want funds and technology from the outside but fear that ideas such as democracy, human rights, civil society, governance, and so on, will infiltrate the country and undermine Communist Party dominance. They perceive the market economy, albeit with a socialist orientation, as a corrosive force and that reforms have outpaced the capacity of the CPV to guide it. The conservatives belong to a broad coalition of party ideologues, security apparatus and military members, and SOE managers, with "impeccable class backgrounds"[24] but with minimal exposure to the outside world and the running of a market economy. Thus, these conservatives support the political status quo. They are reluctant to equitize the SOEs and are not at ease with the development

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of the private sector or the growing vocal dissent within the ranks of the CPV. For them, the SOEs and state control over the economy offer the possibility of prolonging the CPV's control.

Pragmatic reformers think that in order to sustain development, Vietnam requires rapid change to "catch up" with neighbouring countries. They have worked with, and been exposed to, the outside world and most of them belong to the executive branch, more interested in the efficient functioning of the system than the survival of ideology. The reformists belong to a coalition of technocrats, senior party members, and citizens advocating change. They are a new version of the "intellectual technocrat class".[25] Intellectuals and technocrats have been allowed to join the CC and the Politburo in great numbers since the Seventh NCP (1991), and they have gained influence with Vietnam's cautious opening to the outside world. They hope that a more institutional form of government might evolve and ideology will become less important, so that Vietnam can develop economically. As *doi moi* has taken root and private citizens have become more aware of their rights, there has been a growing coalition of technocrats, former or retired senior party members, and ordinary citizens, advocating change. Therefore, the reformers support comprehensive economic reform and the opening of the economy. They want Vietnam to join the global market and enhance its long-term development prospects.

The conservatives and reformers[26] are split over the extent and pace of reform. The main difference between them is how much risk Vietnam should take in continuing with the process of reform. Inevitably, *doi moi* has resulted in winners and losers. Technocrats in charge of economics and the managers are considered winners, while party members in charge of political matters and ideology are considered the losers. This has led to a debate over what constitutes a "market economy with socialist orientation" in Vietnam's development strategy. Overall, there is a reluctance to discuss the development of the private sector for it would be a "deviation from the socialist-based market economy".

Before the Eighth NCP, various factions in the CPV expressed their priorities and concerns in the CC plenum resolution document of January 1994. Their concerns included:

- Vietnam falling economically behind neighbouring countries.
- The threat of peaceful evolution (a code for the capitalist/imperialist menace).
- The existence of corruption and division in the Communist Party.
- The country's deviation from the socialist path.

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Skirmishes in the Eighth NCP surfaced in January 1995 with an uproar over suggestions to change references to the "proletarian dictatorship". This led to the meeting being deadlocked. The conservative faction seemed to retain the upper hand. Nguyen Ha Phan, head of the economic commission and member of the Politburo, Phan Van Tiem, head of the Central Steering Committee for Renewal of SOEs, and Dao Duy Tung were strong supporters of the traditional party line. Three draft documents were prepared for the NCP: political issues, economic issues, and the statutes of the party. The draft political report, prepared under the chair of Dao Duy Tung, rejected political pluralism. The draft statute of the party forbade party members from owning businesses. The draft economic report, under the chair of Nguyen Ha Phan, promoted the "socialist-based market", that is, through the SOEs and collective sectors, which are targeted to contribute 60 per cent of GDP by 2020. The conservatives have been reluctant to equitize the SOEs for fear of generating unemployment and discontent. The SOE system is imbued with considerable vested interests that involve party members at the national, provincial, and local levels. There is a feeling within the CPV of losing political control since economic changes may have undermined the role of the party.

During the Eighth NCP, the conservatives succeeded in positioning Nguyen Ha Phan, a hardline conservative and a member of the standing committee, to manage the NCP process. They adopted a familiar pattern in Vietnamese politics — the use of rumour and innuendo to undermine rivals. Thus, a subtle campaign to discredit the reformist faction was carried out through personal attacks on Prime Minister Vo Van Kiet's wife and Deputy Prime Minister Phan Van Khai's son.

During the Hanoi Party Congress in May and later at the Ho Chi Minh City Party Congress, Do Muoi, the Secretary-General of the Party, took a partisan approach. He urged the state sector to "maintain its leading role" and cautioned against foreign competition.[27] In his view, the equitization of SOEs should proceed step by step. "Social evils", exposed by the party-controlled media, were apparent excuses to slow down the *doi moi* process.

Former Prime Minister Kiet's memorandum to the Politburo, written in August 1995, is a realistic assessment of Vietnam's situation.[28] Kiet advocated a more open approach to the functioning of the party and Politburo, and proposed a break with the past. Tension within the leadership heightened when the memorandum was leaked to the media. However, Kiet had strong support in the CPV for his ideas and kept his position. The pragmatic reformers, rallying behind Kiet, got an unexpected boost from the poor showing of Dao Duy Tung and the expulsion of Nguyen Ha Phan from the Politburo; both had been key

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members of the conservative faction.[29] As a result, Kiet obtained strong support during the tenth plenum of the CC, which also accepted the principle of "rejuvenation" of the CC with the stipulation that new members must be younger than 55 years and university graduates. During the Eighth NCP many intellectuals were included in the CC and Politburo. This was a break with the party's bias[30] — *Hong Hon Chuyen* (Loyalty is Better than Competence) — against intellectuals. The reformists had had the upper hand in the eleventh plenum in June 1996 when parts of the draft economic document, which referred to the promotion of the state sector to 60 per cent of GDP, was abandoned. It was only towards the end of the plenum that the conservatives regained some ground as a result of a coalition with the nationalists who were incensed by international media coverage of the NCP process.[31]

The resolution of the Eighth NCP was a compromise. The Party rejected pluralism and forbade its members and their relatives from engaging in economic activities, sending a strong negative signal to the emerging private sector. Many fundamental issues, such as economic pluralism, public administration reform, equitization of SOEs, and integration into the global market, were accepted without clear implementation details and schedules. The various factions in the CPV agreed on three broad areas:

- The need for political stability.
- The need for openness to the outside world through foreign trade and investment.
- The need for Vietnam to reform at its own pace.

Because each faction can interpret these issue areas differently, further discussions are required, and so too is the achievement of consensus. As a consequence, the implementation of reforms has been slow. All factions did agree on the need to continue with change, but the problem is how much should the party risk to undertake deeper reforms? The pace of reform is the main point of contention.

The new composition of the nineteen-member Politburo showed a reform group of six or seven members, and a conservative group of four or five members supported by a military-security bloc of five or six members. Only five members of the Politburo are university graduates.[32] With this compromise, Vietnam continues to rely on the SOEs, which absorb most of the resources of the economy while generating few jobs and savings.

Although insulated from the worst of the Asian economic crisis, Vietnam felt its ripples. Declining economic growth and rural unrest posed a severe challenge to the country. The CPV convened many plenum meetings and identified major problems afflicting the

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economy: a bloated bureaucracy, corruption, inefficiency, and waste. It also pinpointed such problem areas as declining FDI, low domestic saving rates and the lack of export competitiveness. The CPV rejected pluralism and ignored Prime Minister Kiet's bold proposal for party reform.[33] Instead, it has responded to economic challenges by showing a greater sensitivity to popular grievances, hoping to defuse the pressure for meaningful political change, rather than enacting deep reforms.

The Fourth Plenum (December 1997)

In 1997, Thai Binh province was rocked by peasant protests over corruption and heavy taxation by local authorities. (Thai Binh is considered the cradle of the CPV revolution.) Similar incidents occurred in Ha Tay and Dong Nai provinces over land rights.[34] To respond to the rural unrest and the economic downturn,[35] the CPV convened the fourth plenum in December 1997.

Although a decision had been reached during the Eighth NCP, it was only at the fourth plenum that the party appointed General Le Kha Phieu as CPV Secretary-General, a move hailed as a transition to a younger leadership. The plenum reaffirmed its commitment to accelerate "comprehensive and uniform renovation" but at its own pace.[36] It passed a resolution that, among other things, approved direct exports by private companies, an emphasis on labour-intensive industries, and trade in agricultural land-use rights. Gradualism was the result of compromise, and the plenum endorsed the "gradual" restructuring of SOEs. It stressed the mobilization of domestic capital, encouraged FDI, but was cautious about the opening-up of Vietnam's capital market. Protected by the non-convertibility of the Vietnamese dong, loose regional economic integration, and a market economy with a socialist orientation, it was felt that Vietnam could withstand the impact of the Asian economic crisis.

The Fifth Plenum (July 1998)

Until the fifth plenum (one year after the Asian crisis), most leaders had believed that Vietnam's non-convertible currency would shield the country from external shocks. By mid-1998, however, export growth had declined, reflecting Vietnam's regional trade dependence. Vietnam conducts 60 per cent of its external trade with, and relies for 70 per cent of its foreign investment on, Asian countries.

The resolution of the fifth plenum stressed the importance of mobilizing domestic resources to make up for the shortfall in foreign investment. It estimated that US$7 billion in private capital lay

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untapped in Vietnam and could be mobilized to replace foreign investments. However, ideology and stability, rather than economic issues, were the main concerns of the plenum.

The Sixth Plenum, First Session (October 1998)

By the time the sixth plenum was convened in October 1998, Vietnam was feeling the full impact of the Asian economic crisis. The sixth plenum proclaimed that Vietnam had achieved "big success" in maintaining political stability while continuing to attain steady GDP growth for 1998. With Resolution 6 of the Politburo on "agriculture and rural areas", the plenum refocused development policy towards rural development. Vietnam also resolved to "expand economic ties with other countries". The mobilization of funds from overseas Vietnamese, considered not so long ago as "traitors", was highlighted to counteract a large drop in FDI. In an effort to reassert central control, the plenum indicated that it would revitalize rural co-operatives.

The CPV had, thus, once again deferred the adoption of a comprehensive economic reform package being urged on by the progressive wing of the party and international donors. The resolution of the sixth plenum showed that the main concern of the CPV was to maintain internal stability and party unity in the face of a regional crisis and the forces of globalization. By November 1998, the conservatives were regaining power when Defence Minister Pham Van Tra called on the military to play a leading role in economic and social development.

The Sixth Plenum, Second Session (January/February 1999)

The second session of the sixth plenum discussed "fundamental and urgent issues", namely, ways and means to improve efficiency and administrative performance in the implementation of Vietnam's reform programme. These discussions were held under the shadow of party dissent spearheaded by senior retired CPV officials, particularly retired General Tran Do, Hoang Huu Nhan, Nguyen Thanh Giang, and Phan Dinh Dieu.[37] The sixth plenum focused on ways to counter the degradation in the Party's ranks caused by corruption, excessive bureaucracy, "individualism", and internal disunity. As an answer to various critics, the plenum launched a three-year "criticism and self-criticism" campaign designed to purge "bad elements" and restore unity ahead of the Ninth NCP. The resolutions of the third and sixth plenums (second session) emphasized the "willingness to study political theory [where] its results must be considered as a condition for the promotion and assignment of cadres".[38] This was a call for the study

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and renewed emphasis on political education. The sixth plenum (second session) focused mainly on strengthening the Party through an anti-graft campaign.

The Seventh Plenum (August 1999)

The main concern of the seventh plenum was on issues relating to the organization and apparatus of the political system, wages and social allowances funded by the state budget, and preparations for the forthcoming Ninth NCP. With salaries not having been revised for many years, the plenum focused on the need to increase public service salaries and allowances. It again suggested that internal political matters, rather than economic reform to cope with Vietnam's decreasing economic growth, were to be the main preoccupation of the Party.

The Eighth Plenum (November 1999)

The eighth plenum focused on three main concerns: (a) a review of the economic implementation of the 1999 plan and targets for 2000; (b) guidance in the preparation of the Ninth NCP documents; and (c) the results of the resolution on party building and strengthening. Vietnam's weaknesses (low growth, low competitiveness, ineffective investment structure, and urgent socio-economic problems) were highlighted. Thus, the government had been able to present a three-year economic reform programme to improve the efficiency of the economy, focusing on reforming the banking system; reforming the SOEs; and opening up to international trade.

The plenum agreed on the major issues to be included in the political report, the socio-economic report, and the report on revising the party statutes to be submitted to the Ninth NCP. In strengthening the Party, the main result of the eighth plenum was the dismissal of Deputy Prime Minister Ngo Xuan Loc for mismanagement.[39] Furthermore, two senior party members — a former central bank governor and an ex-customs director — were disciplined. In the final communiqué, the CPV said "it aimed to make the party really clean, strong and worthy of the people's trust". At the closing ceremony, Secretary-General Phieu concluded by stating that "defending national independence and building socialism" would be the focus for the next century.[40] These two issues would likely form the nucleus of discussions at the Ninth NCP in mid-2001.

The various plenum meetings (fourth, fifth, sixth, seventh, and eighth) had been convened to tackle urgent economic problems and the Asian economic crisis, and gave priority to solving rural unrest,

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corruption and internal party dissension over urgent economic reform considerations. Vietnam continues to use the gradual "learning by doing" approach,[41] but this may no longer be appropriate in a fast changing world.

Conflicting Signals

Vietnam's collective party leadership is a constraining factor in the government decision-making process. This is due to the contradiction between the needs of the market economy and that of the dictatorship of the proletariat. The result is a gradual and piecemeal response to Vietnam's structural reform challenges. Gradualism is the result of compromise between various factions. The results of plenum meetings to sort out economic problems have shown the lack of unanimity among the leadership over the direction, extent, and depth of reforms. The Party has been indecisive over many pressing problems faced by the country. Several examples illustrate this situation.

Example 1: Institutional/Public Administration Reforms (PAR)
Institutional reform during *doi moi* had reflected the building of a basic legal and regulatory framework. The first institutional reform in 1990 aimed at preparing the country for a new justification in subscribing to a "market economy with socialist orientation". It included a new role for the National Assembly (NA), the redefinition of the role and functions of government in the economy,[42] and the adoption of a new Constitution in 1992.

Coming out from a long period of war, Vietnam was weak institutionally. It had to initiate public administration reforms to restore state control.[43] Not well known from the outside is that the PAR began in 1991 and, after two years of discussion, the government published a PAR document under the guidance of Prime Minister Kiet and his team.[44] A southerner, Kiet had spent most of his time in the South during the war, first as a deputy and then secretary of the party of the former Saigon City. He has a strong personality and possesses a good grasp of the functioning of a market system compared with most other members of the Politburo. The PAR efforts could be seen in the overall *doi moi* attempts to normalize relations with Vietnam's neighbours and with the United States. Kiet's government aimed at reforming the state structure, rejuvenating the leadership through multi-candidate elections, and launching an institutional cum political *doi moi* to readjust the CPV to the new political realities in Asia.

Decree No.38/CP in 1994 aimed at improving the role of the government in economic development. The state apparatus was reduced,[45] and modern public administration tools for a market economy

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such as the Budget Law, the creation of an administrative tribunal system, and a civil service, were introduced. Ministerial functions shifted towards a policy-oriented role instead of direct control over production. The Government Committee for Organization and Personnel (GCOP),[46] in charge of public administration, had to be created and strengthened to manage the civil service.

The past ideological legacy and the war period resulted in an administration that was basically ruled by the ad hoc decisions of leaders instead of by law. Vietnam's public administration was also constrained by the lack of a professional civil service, the lack of a law on corruption, an inadequate understanding of the role of government in a market-based economy, and the training and upgrading of civil servants.[47] Personnel selection in the public sector was more dependent on ideology than on competency. The drafting of the civil service statutes began in 1994, with overall responsibility given to the GCOP. The minister of the GCOP was responsible for the work but he had to co-operate with the Office of the Government, and the draft had to be presented to the CPV's committee on organization and personnel. (The minister was only a deputy in the CPV's committee.) Drafts were presented to concerned ministries, the Office of the Government, and the CPV's committee on organization and personnel before submission to the National Assembly. One stumbling block was the request from the CPV for a similar status for its members (it is worth noting that salaries of CPV members and mass organizations come from the government budget). This lengthened the consultation process and resulted in numerous revisions. It took three years and over twenty-seven drafts to finally pass a "truncated" civil service statute.

At the present time, the PAR is stalled and emasculated by resistance from the party. It has become a retrenchment and procedural reform programme with limited scope and results. Corruption is endemic in the public administration. A recent Ministry of Finance audit of government agencies found that nearly 30 per cent of state assets have been excluded from official records.[48] The Party's anti-graft campaign has over the past three years resulted in the expulsion of 492 party members and the disciplining of about 3,124 others.[49] To reduce corruption and administrative power abuse, the government is testing a direct election system at the commune level to enhance accountability and transparency. Despite all this, both ideological and technical difficulties constitute constraints to the deepening and widening of the PAR changes.

Example 2: Administrative Structure

The central-provincial administrative relationship is tenuous because of a lack of clear administrative chain of command. The 1992

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Constitution introduced the "cloning" of central institutions at the provincial level. In addition, party directives which intervened in the state's chain of command were to create more institutional confusion. The present local administrative organization is inefficient because of the unclear vertical and horizontal relationship between the People's Council (provincial assembly), the People's Committee (provincial government), the local party apparatus, and the central authorities. Many local government regulations, which serve as a basic reference for the local elected representatives, have never been clarified and published. Limited knowledge of a modern administrative organization, combined with bureaucratic red tape, has led to many anarchic situations at the local level. The unclear lines of fiscal responsibility and authority for local governments have hampered budget cost-sharing arrangements between the local authorities and the centre. The local governments have to shoulder 90 per cent of the operating costs of education and health without a concurrent reallocation of fiscal authority. Thus, provinces tend to overstate their expenditures and underestimate their revenues so as to claim larger allocations from the national budget. This is one of the reasons why the local governments have resisted the "equitization" programme for the SOEs under their control. It might also be a factor behind many publicized allegations of bribery, corruption, and abuse of power in the rural areas. In this institutional maze, power belongs to the provincial party apparatus. It is a parallel organization from central to provincial and the grass-roots levels. Any decision has to be reviewed by the party apparatus before being implemented by the government structure.

This parallel structure has become a point of dispute between the government and the party. Former Prime Minister Kiet and present Prime Minister Khai have called for the reduction of overlap between government and party functions. Those in the government structure, however, resent intrusion and micro-management from the party, which they claim is not held responsible for its decisions. Those in the party at various levels have felt neglected because they now do not command a high status (compared with the past) and also do not control budget resources. Vietnam has yet to solve the problem of how to reform an overlapping decision-making structure and, therefore, the efficient functioning of the economy, and come up with a clear definition of the role of the party and government.

There is no consensus on the steps to be taken to clarify the role of the party and the government in a "market with socialist orientation". Thus, the government has not been able to create a modern administration because of resistance from a state apparatus dominated by party conservatives.

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Example 3: SOE Reform

Vietnam wants to maintain state ownership for key strategic industrial enterprises so as to improve their performance. There have been many stages of SOE reform,[50] from a direct management stage (1954–80), to experiments with internal reform (1981–87), and to increased managerial autonomy (Decision 217/HDBT).[51] Since the early 1990s, Vietnam has been in the stage of ownership and management diversification and transformation of the SOEs into shareholding companies. Equitization, or the legal transformation of SOEs into joint-stock companies, has been implemented since 1992. The fundamental strategy is to "pick winners" through government guidance.

The government is aware of the need to reform the SOEs further through the equitization programme. This has led to a sharp decrease in the number of SOEs from 12,300 in 1987 to about 5,300 at the end of 1999. The SOEs are poor performers but many belong to the party apparatus and are therefore protected entities. Recent corruption scandals have shown the connection between SOE managers, local party members, and state-owned commercial banks. The reform process has been slow because of debates between the reformers and conservatives, and delaying tactics by members of the conservative faction. However, slow growth, budget constraints, mounting non-performing loans and a mini-banking crisis in 1997–98, have been factors which have helped the reformist faction in the government to push ahead with their reform agenda.

Example 4: Integration into the World Market

As a member of ASEAN and the Asia-Pacific Economic Co-operation (APEC) forum, Vietnam will have to begin opening its market by 2005 to meet AFTA deadlines and tariff reduction. The spread of globalization has touched Vietnam and will force it to change its economic structure and development strategy. In the past four years, Vietnam has negotiated with the United States a Trade Normalization Agreement (TNA). The TNA requires the opening of Vietnam's market to foreign competitors and, in turn, give Vietnam access to the U.S. market. With the TNA, Vietnam will enhance its chances for membership in the World Trade Organization (WTO), improve its terms of trade and the volume of exports to the United States, as well as the efficiency of resource allocation in the country.[52] Based on calculations, the increase in exports would be about US$750 million a year, or 8.5 per cent of total exports. The TNA is consistent with the WTO and the stipulations of the ASEAN Free Trade Area (AFTA), and is broadly consistent with reforms demanded by international financial institutions.

There has been a serious debate in Vietnamese government circles

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about the challenge and the costs of opening up Vietnam to the global market. For the conservatives, the Asian financial crisis raised many questions. To them, global trade will create some losers, which are likely to be the SOEs. Globalization and market liberalization might not preserve political stability. The conservatives are, therefore, opposed to the intrusive forces of the global market and are very sensitive to any loss of CPV control. The reformers, on the other hand, think that trade and investment can help economic development, albeit being a double-edged sword. They encourage the absorption of new technology and improve living standards but also threaten economic and social instability. The reformers have been able to push the TNA document through the Politburo, the National Assembly, and the ministries. The reformers believe that benefits overtake costs, and the Politburo has voted overwhelmingly in favour of the agreement (17 out of 18).[53] At the last moment, however, the conservatives were able to delay the signing of the TNA. Vietnam's hesitation in signing the TNA has disappointed investors because it shows little commitment to economic liberalization.

Lack of Human Resources

The CPV has always worked on the premise of imposing its views on the people rather than empowering them. It has an ideological bias against intellectuals, especially those trained in Western countries. Waves of students were sent to China, then to the Soviet Union and the Eastern bloc countries in the early 1960s and 1970s. Since *doi moi*, however, students have been sent to Western Europe, the United States, and parts of Asia. Within Vietnam, technocrats trained in the Western countries from the former South Vietnam have been discriminated against, and overseas Vietnamese, or Viet Kieu, are still not trusted, although the situation is changing. Some Viet Kieu have returned, bringing money and, more importantly, new ideas and management skills, but it will take time for Vietnam to get the necessary human resource capabilities that the country needs.

The lack of skilled manpower to implement the various reform programmes is a major constraint. Thus, during the implementation stage of public administration reform, the Prime Minister had to rely on the GCOP. With fewer than 250 staff, it is difficult for the GCOP to plan and implement the PAR efforts, and at the same time manage and strengthen the human resources in the Civil Service, estimated to comprise 1.3 million people. Although more than 40 per cent of civil service staff are university graduates, they are in areas that bear no relation to their work (such as engineering, agriculture, pharmacy, and languages), with very few having expertise in administration, human resource, training, or management. Some have knowledge of the

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functioning of the socialist system but very few have knowledge of a market system. The GCOP has had to rely on a weak lower administrative structure that does not have the same knowledge, understanding and grasp of PAR issues to implement the reform programme. On the other hand, the SOE reform programme needs accountants, auditors, management consultants, and financial and capacity building specialists to assess and strengthen the SOEs before equitizing them. These experts are rare in Vietnam. According to the government,[54] the slow pace of equitization is due to difficulties in assessing the value of SOE assets and the policy of giving priority to selling shares to workers in each enterprise.[55]

Because of political constraints and the lack of capable human resources, especially at the middle and lower levels, gradualism is the only option left for the government. The present political and institutional settings are constraints to the reform process. Technocrat reformists grouped under the leadership of former Prime Minister Kiet and present Prime Minister Khai have had to operate without outside help.[56]

The trial-and-error approach in economic management has been due to poor understanding by middle and low level cadres of the functioning of the "market" and an inherited "guerilla mentality", where the surroundings are considered hostile. Horror stories from foreign investors of what it is like to do business in Vietnam are well founded and derive from this "ambush" mentality.

Faced with numerous and powerful opponents of change, the technocrat reformists have been careful in their approach to reform and know the need to negotiate and compromise when pushing for reforms. They acknowledge the difficulty in convincing the CPV to abandon an inefficient economic system which has nevertheless given the country relative stability. As a result, policy reforms tend to come in times of crisis. To the outside world, it looks like these reformists are not operating under a well-thought-out development strategy. The government of Prime Minister Khai has been able to introduce some public administration tools for the market economy, such as the modernization of taxation and customs. Other institutional reforms, such as the state organization structure and the relationship between the government and the party, have been postponed. The government has been held back by opposition from the conservatives and by the lack of human resources for a comprehensive reform package. As a result, there is a lack of policy consistency which is vital to gain the confidence of international investors and lenders. The momentum of the economic reform programme has been stalled. What are the challenges that lie ahead?

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Challenges for the Future

With a decline in FDI and a slowdown in exports and growth, the Vietnamese leadership is faced with new challenges. The main problems include: wrong economic policies, including discrimination against the private sector; a weak domestic savings policy; an underdeveloped banking sector; low absorptive capacity for FDI; growing unemployment; and, above all, an imbalance between the rural and urban sectors. Under pressure from rural disturbances, growing dissension and slower rates of growth, party and government bureaucrats realize that urgent action is needed to improve the living standards of Vietnam's peasants. The root of most problems can be found in the policy of a "market with socialist orientation". That policy includes a modernization and industrialization programme based on the leading role of the state, and this has weakened the financial and banking system.[57] While the separation of ownership and control of SOEs may be possible with imperfect institutions as in China,[58] weaknesses and governance at the firm level should be addressed albeit in a sequenced way to improve competitiveness. Vietnam's economic downturn was caused by internal weaknesses, such as a poor investment climate, red tape, opaque management, low governance, and pervasive corruption.[59]

New Factors in Recent Years

The Eighth NCP has allowed the rise of a more educated, younger generation of leaders. That leadership has accepted: (a) public administration reform, albeit emasculated, to encourage and train a new generation of civil servants and managers; (b) a pluralistic economy in which both the public and private sectors can play a role in the development of the country; and (c) the integration of Vietnam into the world market. Once the Eighth NCP was over, conservatives regained some ground in obstructing and slowing down reforms accepted during the NCP. Thus, the government has been unable to present a set of comprehensive economic reforms. However, with fourteen years of *doi moi*, there are many new factors that have to be taken into consideration.

New Openness

Subtle changes have led to the strengthening of a Vietnamese reformist faction. The key factor here has been a "state governed by law". This has helped to transform Vietnam from a Stalinist state to one with some form of one-party authoritarianism. Market mechanisms, albeit with a

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socialist orientation, have promoted not only greater economic freedom but also other freedoms such as of speech and religion. The political culture is shifting slowly with the emergence of better-educated party members and technocrats. The new "intellectual/technocrat class" trained in the former USSR or Eastern bloc countries have experienced *glasnost*, the fall of the Berlin Wall, and the "velvet revolution" in Czechoslovakia. Some had been trained in other countries of Asia, Europe, and the United States. Today, Vietnamese under 25 years old form the majority group and yearn to learn from the outside world. They are less ideological and more open-minded than the older generation. The Communist Party has less and less relevance to their lives. The collapse of the communist camp, the expansion of the market, and the building of a "state governed by law" have provided favourable conditions for more political openness in Vietnam.

There is more openness from the government. The publication of the state budget represents a first step towards greater transparency and could contribute to a better-informed public which will help combat corruption.[60] However, public debate on reforms is still timid. The government has promised to "create a fair, safe, transparent and positive environment for investment and production". It is also willing to listen and seek advice and, for its 2001-2005 draft development plan, it has invited the Viet Kieu for an exchange of views.

The Emergence of a Civil Society

As a consequence of *doi moi*, the government recently added a new governance dimension through Decree No. 29/CP of May 1998, known as the "People Know, People Discuss, People Execute and People Supervise" decree. This decree allows direct elections at the commune level and may result in the emergence of a civil society that could counter-balance bureaucratic abuses at the grass-roots level.

Increasingly vocal but unco-ordinated voices of dissent, comprising ex-CPV members, such as General Tran Do,[61] Hoang Huu Nhan, and Nguyen Thanh Giang, in the North; and Nguyen Dang Que, Thich Quang Do, and Chan Tin, in the South, have called for more debate, a more tolerant religious environment, and greater media freedom. More importantly, with the largest portion of the Vietnamese population under 25 years, disaffection among youth is on the rise because of a lack of opportunities as economic growth has slowed down. As a result, rural riots have become common. There has also been a greater willingness on the part of the population to protest against corruption, illegal fees, and abuse of power by the local authorities. All this constitutes increasing pressure on the government to open up the economy to provide greater opportunities for all.

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Options for Change: Road to the Ninth NCP

The Ninth NCP has been planned for mid-2001, and the sense of crisis might force CPV leaders to perceive change as a necessity.[62] Vietnam is, therefore, at a critical juncture. The question is what kind of development strategy should the country pursue for the twenty-first century? How should the country integrate into the new globalization environment? International evidence, and the more recent Asian experience, suggest that the rule of law and the quality of government institutions make a significant difference.[63] Vietnam's leaders face a difficult choice. They can:

- continue with the same formula of placing priority on political stability at the expense of urgent economic reforms and sustainable growth; or,
- undertake comprehensive economic reform. This choice necessitates broader institutional and political reforms and will entail many risks, including unemployment, SOE divestitures, and possible social unrest.

The Politburo is in a quandary. The problem for the aging leaders is how much risk they should take. The reform road may induce short-term difficulties but will strengthen Vietnam's long-term development prospects. Thus, the party can open up the political sector at its own pace. The status quo alternative may strengthen CPV control in the short run but would likely undermine the country's long-term development prospects. The party can only maintain a rear-guard action but would still eventually have to loosen its grip politically.

Up to now, the Politburo has opted for the status quo. The absence of accord within the leadership has reduced reforms to a trickle when forceful solutions are in fact required. During the seventieth anniversary of the CPV in February 2000,[64] Secretary-General Phieu insisted on the leading role of the state sector and said that the country should not "diverge from the path of socialism". The CPV does not face any serious political challenge, and has been able to suppress demands for political *doi moi*. Thus, it is likely to resist pressure for change.

A crucial question arises: can the CPV, through self-reform, lead Vietnam through economic modernization and the major transitions that loom ahead? A possible response to the challenges could lie in the implementation of the proposal put forward by former Prime Minister Kiet in 1995, during the Eighth NCP. According to Kiet, the CPV needs to:

1. Revise its view of the world. The world is not a bipolar system based on ideology. Instead, relations between countries should be based on national interests.

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2. Learn from institutions and practices from other countries.
3. Ensure that state enterprises are concentrated in selected areas but not dominate the whole economy.
4. Create a level playing field between the state and the private sector.
5. Acknowledge that corruption and social evils exist, but avoid blaming the "market" for their existence.
6. Work within a "state governed by law". A clear definition of the role of the party and government would yield more efficient public management.
7. Fulfill Vietnam's aspirations for development and defer the goal of building socialism.

Kiet had urged the CPV to reform the collective decision-making process (democratic centralism) and to allow more open debate and dissension within its ranks.[65] It should be noted that the government has gradually implemented points 1, 2, 3, 4 and 5 of Kiet's proposal. The main challenge is to define a workable consensus on the relationship between the state and the CPV and on their respective roles, as stated in point 6. Vietnam shares the same dilemma with China: how to build a workable modern relationship between the party and the state within the rule of law? A CPV with a modern organization could improve governance and help to depoliticize economic decisions where appropriate.[66] The CPV must decide on its priority — point 7 — the postponement of its goal of building socialism in Vietnam or to concentrate on the country's development. Points 6 and 7 are the most contentious in Kiet's call for further institutional and political *doi moi* that could optimize the talents of the Vietnamese people. A simple majority, or two-thirds vote, instead of "unanimity" in the collective decision-making process could help the Politburo take more forceful economic decisions.

At the start of the twenty-first century, and twenty-five years after the "reunification" of the country, the CPV has yet to focus its mind on the modernization and reformation of the political system. This is a real challenge for the forthcoming CC plenums and the Ninth NCP.

Conclusion

Vietnam's transition to a market economy has been largely successful but not without hiccups. The many years of socialism have led Vietnamese leaders to believe in the direct involvement of the state in socio-economic activities. The institutional settings and decision-making process in Vietnam are still very opaque. What are the prospects for Vietnam in the new millennium?

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Various policy reform debates prior to, and after the Eighth NCP follow arguments between the conservatives and reformers in the CPV. In 1999, slow growth, unemployment and the impact of floods in several provinces put pressure on the government for further and deeper reforms. The urgency of the task is not least due to the fact that Vietnam is one of the poorest countries in the world (with a per capita income of US$350 per annum). By government estimates, some 37 per cent of the people are considered poor, with an income less than US$128 per person per year, and over 40 per cent of children under 5 years of age are malnourished.

The Vietnamese Government has committed itself to developing a socialist-based market economy, opening up its economy, and integrating into the regional and global economic system. However, there is a divergence between goals and means. The gap between the rich and the poor in the country is growing, and good education and healthcare are now available only to the rich. Corruption is also rampant. The process of building a market system in Vietnam will therefore be bumpy.

The CPV is fearful of instability. Party leaders are old and look to the past for solutions to new problems. They are reluctant to embrace meaningful reform as Vietnam's economy continues to stagnate. When confronted with difficult choices, the leadership tends to give priority to preserving the status quo rather than to implementing meaningful reforms.

Indecision in addressing economic reforms has sent a negative message to foreign investors. The paradox is that Vietnam wants funds and modern technology from the outside world but also wants to insulate itself from globalization. The conservative faction is fighting a rear-guard action to slow down the reform process. However, it is obvious that the country cannot continue to sustain growth at high rates without significant change.

The Asian economic crisis has altered the economic landscape in Asia. While Vietnam dithered during the past three years, its Asian neighbours made themselves more attractive to foreign investors through currency devaluations (largely voluntary), and financial and broader reforms. They have eroded Vietnam's relative price advantage — cheap labour — leading to a rise in unemployment. New foreign investment in Vietnam is now at a trickle as enthusiasm has waned among foreign investors. The country faces the possibility of becoming one of the slower economic performers in Southeast Asia over the medium term. The slow economic growth of the past three years and the possibility of a prolonged slump will tilt the balance of risk and reward in favour of serious structural changes and reforms that can woo

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back foreign investors. Vietnam must pay attention to governance,[67] and set up new institutional arrangements that can help manage efficiently the development process, the promotion of efficiency, and the management of economic turbulence when external shocks hit the country.

This leads to the questioning of the adequacy of the present political system, institutions, and processes. There is, therefore, an urgent need to undertake a political *doi moi* so that governance can be improved. The question is how to do it smoothly? A first step in the right direction for the CPV should be to take former Prime Minister Kiet's advice and defer the party's priority on "building socialism". Vietnam needs to reform the functioning of the one-party system and its democratic-centralism decision-making process for better economic management and governance. A more transparent debate on economic and social options would help bring Vietnam into the twenty-first century. Younger and more educated Vietnamese should assume positions of authority based on expertise and competency rather than party loyalty. This shift, both in political and human resources, could help greatly the reform process. Short-term structural reform pain could bring long-term economic gain, including the CPV's long-term survival.

As a consequence of the regional economic crisis, Asian countries have restructured and improved greatly their system of governance. The forthcoming Ninth NCP in mid-2001 will be a challenge for Vietnam and the CPV to forge a consensus on necessary adjustments, including a political *doi moi*, which could impact positively on the country's economic management as it navigates the twenty-first century.

NOTES

1. The Ministry of Invalids and Social Affairs (MOLISA) defines poverty as a person having a monthly income of 55,000 Vietnamese dong, or US$3.9, for people living in mountainous areas, VND 70,000 (US$5) for rural areas, and VND 90,000 (US$6.4) for urban areas. The VLSS takes into account food poverty and overall poverty. In 1998, food poverty was equivalent to US$92 per person per year, and overall poverty was US$128 per person per year. This is lower than the World Bank definition of poverty at US$1/day/person.
2. World Bank, *Vietnam Attacking Poverty*, CG meeting for Vietnam (Hanoi, December 1999).
3. Three banks were shut down. Executives at the Nam Do and Viet Hoa joint-stock banks were arrested. Nam Do bank was taken over by state-owned BIDV bank after it was found that overdue loans comprised 94.27 per cent of the bank's outstanding loans. Viet Hoa bank was involved in Vietnam's long-running dispute with Japanese and Korean companies on deferred letters of credit issued in 1995 and 1996.
4. Interview with Tran Xuan Gia, Minister of Planning and Investment, Reuters, 13 December 1999.
5. A. Fforde and S. de Vylder, *From Plan to Market: The Economics of Transition in*

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Vietnam (Boulder, Colorado: Westview Press, 1996); and J. Ljunggren, *The Challenge of Reform in Indochina* (Cambridge, MA: Harvard Institute for International Development 1993).

6. Ministry of Planning and Investment, *PIP 1996-2000* (Hanoi, June 1996).
7. According to the Central Overseas Vietnamese Committee in Hanoi, Viet Kieu (overseas Vietnamese) injected an estimated US$1.1 billion into the home economy in 1999. It is estimated that for each U.S. dollar sent through the official channel, two U.S. dollars were sent through unofficial channels. This is bigger than ODA and FDI combined in 1999. See also Jonathan Haughton, "Money transfer", *Vietnam Business Journal* (Hanoi), January 1999.
8. UNDP, *Overview of Official Development Assistance in Vietnam* (Hanoi, December 1999).
9. World Bank, "Economic Report on Industrialization and Industrial Policy", Report No. 14645 (Washington, DC, October 1995), p. 105.
10. Ohno and Suygiyama, "Impact of Trade Liberalization", *ADB Institute Working Paper* (Tokyo, June 1999). Focusing on the cement and sugar sectors, they show that SOEs are not competitive. Another example is Thai Nguyen Steel Mill and Hac Bac Urea Company, which is operating at only 50 per cent of its capacity. In Thai Nguyen, 30,000 employees work only 15 days a month.
11. A. Fforde, "A short assessment of the impact of Vietnam's opening to the West since 1986" (Paper prepared for the Canadian International Development Agency, June 1999).
12. Wing Thye Woo, "Macroeconomic Performance and the Role of the State Sector in Vietnam", in *Development Strategies for Vietnam* (Cambridge, MA: HIID, March 1997).
13. World Bank, *Vietnam: Rising to the Challenge*, An Economic Report of the World Bank Consultative Group Meeting for Vietnam (Hanoi, Vietnam, 7–8 December 1998).
14. Q. Dinh, "Banking Reform in Vietnam", in *Financial Resource for Development in Myanmar* (Singapore: Institute of Southeast Asian Studies, 1999).
15. United Nations, *Catching Up — Capacity Development for Poverty Elimination in Vietnam* (Hanoi: UNDP and UNICEF, October 1996); United Nations, *Poverty Elimination in Vietnam* (Hanoi: UNDP, UNFPA and UNICEF, October 1995); D. de Walle, *Protecting the Poor in Vietnam's Emerging Market Economy* (World Bank, September 1998); World Bank, *Advancing Rural Development in Vietnam* (December 1998); World Bank, *Voices of the Poor* (November 1999); and World Bank, *Attacking Poverty* (December 1999).
16. A key finding of the Vietnam Education Financing Sector Study (VEFSS) is that public expenditure for primary education is low relative to other sectors and relative to private spending. See *Vietnam Education Financing Sector Study*, World Bank Report 15925-Vietnam (Washington DC, October 1996).
17. Quan Xuan Dinh, "The State and Social Sectors in Vietnam", *ASEAN Economic Bulletin* 16, no. 3 (December 1999).
18. Ibid.; *The UN Report on Poverty Elimination in Vietnam* (October 1995); World Bank, *Vietnam: Voices of the Poor* (November 1999); and *UN Basic Social Services* (December 1999). These reports give a good account of causes and difficulties of the poor.
19. Le Dang Doanh, "Economic developments and prospects", in *Vietnam Assessment: Creating a Sound Investment Climate*, edited by S. Leung (Singapore: Institute of Southeast Asian Studies, June 1996).
20. A. Fforde, "A short assessment of the impact of Vietnam's opening to the West since 1986" (Paper prepared for the Canadian International Development Agency, June 1999).

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21. D. Dapice, "Point of no return", *Vietnam Business Journal* (February 2000); and UNDP, *East Asia: From Miracle to Crisis* (Hanoi, June 1998).
22. From 1951 to 1996, from the Second to the Sixth NCP, through seven Politburos and 107 members (full and alternate), there were no university graduates except General Giap. Only workers and farmers were recognized as forefront classes in the struggle for the Party. Because of class struggle ideology, intellectuals were held in contempt by the CPV. Intellectuals have been accepted and incorporated into the Politburo since the Seventh NCP in 1991. For the Eighth NCP, five members of the Politburo are university graduates.
23. There are disparate accounts of the decision-making process under the *bao cap* period. M. Gainsborough from the School of Oriental and African Studies in London offers some explanation (*Vietnam Business Journal*, February 2000). According to him, in a political environment like Vietnam's where political power is scattered rather than centralized, the tendency is to consult widely before decisions are taken. This is not about seeking "consensus", rather it is about covering one's back.
24. Members are proletarian, that is, workers or poor peasants.
25. Gyorgy Konrad and Ivan Szelenyi, *The Intellectuals on the Road to Class Power* (New York: Harcourt Brace Jovanovich, Inc., 1979).
26. The dichotomy between conservatives/ideologues and reformers/technocrats is not always straightforward. All factions agreed that Vietnam must change but how much change, at what speed and how much risk to take are their main areas of divergence. For example, Nguyen Van Linh, the former Secretary-General of the CPV and initiator of *doi moi* sided with the "conservative faction" at the last stage of the Eighth NCP. Describing the military as conservative is inaccurate as there is a large spectrum between the Political Directorate of the Army, the military apparatus and those involved in the army business sector. A large literature had tentatively explained the various interest groups and their conflicting views. See Thaverporn Vasavakul, "Politics of the reform of state institutions in the post-socialist era", in *Vietnam Assessment: Creating a Sound Investment Climate*, edited by S. Leung (Singapore: Institute of Southeast Asian Studies, June 1996); Thaverporn Vasavakul, "Sectoral Politics and Strategies for State and Party Building from the Seventh to the Eighth Congress of the VCP (1991-1996)", in *Doi Moi: Ten Years After the 1986 Party Congress*, edited by A. Fforde, Political and Social Change Monograph 24 (Canberra: Australian National University, 1997); and C. Thayer, "The Power Game", *Vietnam Business Journal* 6, no. 5 (October 1998: 42). As *doi moi* took root, the strengthening of the "state governed by law", the growing role of technocrats, the strengthening of the rights of the citizens, and improved information flow produced a large coalition of technocrats, party and former party members who are for change. Prime Minister Khai has been an advocate of reform and Secretary-General Phieu was instrumental in removing dissent. In addition, there is an emerging civil society. The recent toll-free police complaint hotline set up by the Hanoi Police Department to curb police abuse is an illustration of this new situation.
27. *Hanoi Moi* newspaper (Hanoi), 8 May 1995.
28. During a nationally televised interview, Dao Duy Tung, the contender for the Secretary-General's position to replace Do Muoi in the Eighth NCP, failed to convey a strong sense of leadership. Nguyen Ha Phan, a contender for the position of Prime Minister, was expelled from the Politburo and the CPV for failing to report truthfully his activities during his imprisonment in South Vietnam, which caused the arrest of many communist cells.
29. The CPV has an ideological bias against intellectuals (*Hong Hon Chuyen*, meaning "Loyalty is Better than Competency"). From 1951 to the Sixth NCP (1987), only workers and farmers were recognized as vanguard classes. Heavily influenced by

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Mao, the CPV held intellectuals at arm's length. Various purges in the late 1950s, known as Nhan Van Giai Pham (NVGP), have excluded intellectuals from the CPV. NVGP is the equivalent of the "100 flowers movement" in China in which intellectuals were outcast because of their criticisms. The party maintains control over intellectuals/writers/artists through organizations such as the Vietnamese Writers Association, and so forth. See Nguyen Binh Thanh, "Technocrats and Intellectuals under the Eyes of the CPV", *Dan Chu va Phat Trien - Gesellshaft fur Demokratie und Entwicklung Vietnam*, No. 17 (Warstein, Germany, 2000).

30. The BBC had announced prematurely that the reformers had the upper hand during the eleventh plenum, just before the opening of the Eighth NCP.
31. Tran Duc Luong (Geology), Phan van Khai (Economics), Nguyen Phu Trong (Semantics), Pham The Duyet (Mechanical), and Nguyen Dinh Tu (university professor, who died during his election).
32. Unlike Tran Xuan Bach, a member of the standing committee of the Politburo who was expelled in 1990 before the Seventh NCP for proposing bold reform, Kiet was left untouched.
33. *Nhan Dan* newspaper, 14 March 1998.
34. During April and August 1997, the province of Thai Binh was rocked by protests over corruption and exaction of illegal fees by local authorities. The imposition of numerous taxes and fees, request for "voluntary labour", and widespread abuse of power by local authorities triggered the unrest. Complaints and petitions were not addressed, although protests to the district and provincial levels were legal and organized in a peaceful manner. The unrest in Thai Binh spread to 130 villages out of 235 in the province and six out of the province's seven districts.
35. *Nhan Dan*, 3 January 1998.
36. Dissidents have been vocal in demanding that the CPV reform itself and allow more democratic freedom. International and overseas Vietnamese media publish their writings. General Tran Do, a former field commander of the North Vietnamese forces in South Vietnam before 1975, was respectively a member of the Central Committee (CC), Deputy Chair of the Eighth National Assembly, Deputy Minister of Information and Culture, and chief of ideology for the Commission of Culture, Literature, and the Arts of the CPV. A major factor influencing Tran Do was the rural riots in his home province of Thai Binh in 1997. In his letter to the CPV (leaked to the international press) on "the state of the country and the role of the CPV", Tran Do pointed to the unrest in Thai Binh as an example of the former backbone of the party, the peasantry, turning against it. According to him, the only solution was democratization. He called for freedom of thought, opinions, speech, publication and the press, and for free elections. Broad democratic changes were necessary if the CPV was to avoid collapse. As he became more vocal, party leaders became concerned about his dissent. Tran Do was expelled from the CPV on 4 January 1999, just before the Sixth CC plenum (2nd session). Hoang Huu Nhan, a former secretary of the party in Haiphong, asked for pluralism, the recognition of a trade union outside the party, and fought against injustice committed by the CPV against its own members. He urged the CPV to amend and reform itself. Phan Dinh Dieu, a professor of mathematics at the University of Hanoi, is a member of the CC of the Father Front. In a speech to the Father Front, he analysed the fallacy of the socialist-based market, the one-party system and its negative consequences for the country. Nguyen Thanh Giang, a physicist and dissident, was persecuted because of his appeal to the CPV for reforms.
37. Nguyen Phu Trong is a member of the Politburo. His article, "Effect a New Change in the Study of Political Theory of Cadres and Party Members", in *Tap Chi Cong San — Communist Review* (Hanoi), No. 11 (June 1999), re-emphasized the need for political education.

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38. Deputy Prime Minister Ngo Xuan Loc was a strong advocate for the "equitization" process. He wanted rapid equitization. Loc had been implicated in a land scandal.
39. Le Kha Phieu, *Nhan Dan*, 12 November 1999.
40. J. Ryan and J. Wandel, *Vietnam's Reform Experience — The Quest for Stability During Transition*, UNDP Working Papers (Hanoi, May 1996).
41. Le Dang Doanh, *International Colloquium on Public Administration* (Hanoi: GCOP, 24–26 September 1996).
42. Thaverporn Vasavakul, "Politics of the Reform of State Institutions in the Post-socialist Era", in *Vietnam Assessment: Creating a Sound Investment Climate*, edited by S. Leung (Singapore: Institute of Southeast Asian Studies, June 1996).
43. Government of Vietnam, *National Public Administration Reform Program* (Hanoi: GCOP May 1993). (VIE/92/002 project document).
44. In a reorganization of the government apparatus, the number of ministries was reduced from 49 to 22. Many ministries have been eliminated or absorbed by others.
45. The Government Committee for Organization and Personnel (GCOP) is the equivalent of the Civil Service. It manages the civil service personnel, as well as human resource training. It is in charge of organization, personnel, and reorganization of the state structure at national, provincial and local levels. GCOP is a creation of the *doi moi* process.
46. Newly appointed administrative judges are trained through a three-month course; civil servants are updated through a one-week to two-month course.
47. *South China Morning Post*, 11 January 2000.
48. *Nhan Dan*, 15 March 2000.
49. See Le Dang Doanh and T. T. Cuong, "The SOEs Reform Policies in Vietnam and their Implementation Performance", JICA- CIEM project, in *Study on Economic Development Policy* (Ministry of Planning, JICA, February 1998).
50. The SOE managers were given discretion to disburse bonuses and retain some profits to fund enterprise-wide social services. Restrictions on investment expenditure were also eased. There were allegations that such reforms allowed the SOEs to embezzle the profits, which were distributed to the managers and workers.
51. *Vietnam News*, on-line, 6 April 2000.
52. Fukase and W. Martin, *The Effect of the United States' Granting Most Favored Nation Status to Vietnam*, Research Report No. 2219 (Washington, DC: World Bank, November 1999).
53. Tran Viet Phuong's article in the "*Tap Chi Cong San - Communist Review*", reprinted by *Nhan Dan* on-line, 23 October 1999, affirms that Vietnam's integration into the global market is a necessity.
54. "Drastic SOE Overhaul Needed: Deputy Prime Minister", Vietnam News Agency, 29 November 1999.
55. Vietnam News Agency, 22 March 2000. According to VNA, the slow equitization of the enterprises was due to several factors: the lack of plans for selling, transferring, contracting or leasing the SOEs; executives were fearful of losing their power; and workers were afraid to lose their jobs. The time taken in assessing the value of the property and the advantages of going public also hindered the equitization process.
56. The technocrats are centred around the Prime Minister's Research Group or PMRG. *Ad hoc* experts can supplement this small group of senior advisers. They work with the Central Institute of Economic Management (CIEM), various line ministry experts and the CPV. The Central Committee and the Politburo of the CPV have their own technical staff.
57. Quan Xuan Dinh, "Banking Reform in Vietnam", in *Financial Resource for Development in Myanmar* (Singapore: Institute of Southeast Asian Studies, December 1999).

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58. J. E. Stiglitz, "Whither Reform: Ten years of the Transition", Annual World Bank Conference on Development Economics, Washington DC, 28-30 April, 1999.
59. According to PERC's March 2000 report, Vietnam ranks as the third most corrupt country in Asia, behind Indonesia and India. Corruption among Vietnamese bureaucrats drove away foreign investors and drew the ire of Vietnamese peasants, sparking rural unrest. This state of affairs fuelled a battle between Vietnam's reformers and conservatives over who was responsible for the depth of corruption.
60. The national budget used to be confidential. Since 1999, however, the government has started to publish a summary of this document. The document is incomplete but constitutes a first step towards transparency.
61. General Tran Do's letter to the Politburo on "the state of the country and the role of the CPV", was leaked to the overseas media and published, notably in *The Ky* 21, (California, USA, 1998).
62. Ta Xuan Dai, "State Administrative Reform – Main and Urgent Task of Renovating the Current Political System", *Tap Chi Cong San (Communist Review)* (Hanoi), no. 14 (July 1999).
63. D. Rodrik, *Making Openness Work: The New Global Economy and the Developing Countries* (Washington DC: ODC, January 1999), chp. 4.
64. *AP News* (Hanoi), 2 February 2000.
65. Under the principle of democratic centralism, debate is allowed before a decision is made. Once a decision is reached, it is final. With this outlook, the party will accept only occasional mistakes or errors.
66. The UNDP report, 2000, *Overcoming Human Poverty* says that the government is often the cause of poverty. Governance is defined by the Asian Development Bank as the manner in which power is exercised in the management of a country's social and economic resource for development
67. Asian Development Bank (ADB), *Vietnam: Greater Stability through Good Governance — Key Issues for Consideration* (Manila, 1999).

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New Zealand and Asia-Pacific Security: New Rationales for Engagement?

ROBERT AYSON

Throughout the 1990s, New Zealand maintained a commitment to Asia-Pacific security as one of the three pillars of a broadly based defence policy. However, Wellington tended to define its regional security goals in very general terms, making few obvious steps towards the formal publication of a regional security strategy. This article provides an explanation for this somewhat indirect approach to regional security. It also explores New Zealand's future role in Asia-Pacific regional security against the backdrop of two important developments in the latter half of 1999. The first of these was New Zealand's extensive commitment to the multinational force in East Timor —the largest overseas deployment by the New Zealand Defence Force since the Korean War. The second was the election of a centre-left Labour-Alliance government committed to a thorough review of New Zealand's defence priorities.

Introduction

The proposition that regional security matters to New Zealand is unlikely to raise many voices of domestic protest. But one does not have to be a post-modernist to recognize that perceptions of the *region*, and of *security* within it, depend on the eye of the beholder. It stands to reason that when New Zealand approaches security in the Asia-Pacific it does so from a perspective which reflects its own particular place in the world. This view is further filtered according to the way the government of the day defines the region and the security problems it is most keen to address.

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This article begins with an examination of New Zealand's consistent approach to regional security during the 1990s under a series of governments led by the centre-right National Party. A comparison with Australia's more direct regional security strategy is used to illustrate the generality of New Zealand's approach. The latter is then explained with reference to six key factors, ranging from New Zealand's relative distance from major security events in the Asia-Pacific to Wellington's desire to keep its options open.

The final sections of the article deal with the potential change to this security policy status quo stemming from two key developments. The first of these is New Zealand's role in the international community's response to the post-referendum violence in East Timor. As Chair of the September 1999 Asia-Pacific Economic Co-operation (APEC) summit held in Auckland, New Zealand presided over the consideration by regional leaders of the escalating East Timor crisis on the increasingly wide sidelines of this important annual forum.[1] New Zealand then made substantial military contributions to the Australian-led International Force East Timor (INTERFET) and its replacement, the United Nations Transitional Authority in East Timor (UNTAET).

Under INTERFET, New Zealand's commitment reached a high point of 830 troops and over 1,100 personnel in total from all three New Zealand Defence Force (NZDF) services.[2] While New Zealand's contribution to East Timor has since been scaled back to 660 troops under UNTAET,[3] this is still a substantial undertaking for New Zealand, especially as it involves rotating battalion groups under a projected eighteen-month commitment until March 2001.[4]

The second major development was the November 1999 election of a centre-left coalition government comprising the Labour and Alliance Parties, which is also backed by the support of the Green Party in the House of Representatives. Prime Minister Helen Clark's new government has included in its heavy workload a commitment to revamp New Zealand's defence posture.[5] This promised overhaul will undoubtedly have implications for Wellington's future approach to regional security.

New Zealand and Australia on Regional Security: A Brief Comparison

The most obvious benchmark for assessing New Zealand's regional security role is the approach taken by its nearest neighbour, Australia. This is to be expected not least because of Canberra's senior role in Wellington's most important defence partnership. Indeed, in recent years, this ongoing pattern of defence co-operation has been reflected in the establishment of closer defence relations (CDR) between the two Australasian governments.[6]

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These close bilateral links draw on a legacy of joint participation in a series of regional security undertakings during the Cold War under the leadership of the United States and the United Kingdom. This important sequence of commitments saw both Australian and New Zealand forces committed to the Korean War, the Malayan Emergency, the defence of Malaysia during Jakarta's Konfrontasi campaign, the Vietnam War, and an ongoing presence in Southeast Asia in what began in the mid-1950s as the Commonwealth Strategic Reserve.[7]

Canberra and Wellington became partners to the Australia–New Zealand–United States (ANZUS) Security Treaty and the Southeast Asia Treaty Organization (SEATO),[8] and assisted Britain in its Anglo-Malayan Defence Agreement (AMDA) commitments, all of which underscored the importance of regional security in East Asia to both Australasian countries. The second and third of this triumvirate of alliance-based relationships have been extinct for some time, and while relations between Washington and Wellington are very positive in overall terms, the New Zealand–U.S. leg of ANZUS has been in suspended animation since the mid-1980s dispute over the non-nuclear policy introduced by David Lange's Labour government.[9]

In this context, the 1971 Five Power Defence Arrangements (FPDA) has become the main formal defence mechanism involving the commitment of both countries' defence forces to regional security.[10] Australia and New Zealand also work with each other in the ASEAN Regional Forum (ARF), and co-operate extensively on South Pacific security matters. In terms of specific deployments, the New Zealand Defence Force (NZDF) and the Australian Defence Force are currently making leading contributions both in East Timor and to the 300-strong Peace Monitoring Group on Bougainville, Papua New Guinea, which also involves personnel from Fiji and Vanuatu. Australia and New Zealand have also extended their own bilateral defence linkages with a wide range of regional countries through co-operative activities such as joint training, exercises, security discussions, and the exchange of defence attachés.[11]

This is not to imply an equivalence of commitment or concern about regional security between Canberra and Wellington. Indeed, it is tempting for New Zealand's strategic analysts to bemoan the absence of some of the working assumptions which Australian planners have been able to rely on. The ongoing debates on the future of New Zealand's naval combat force (that is, acquiring modern frigates) and air combat capability reveal a willingness to question fundamental parts of defence force structure which is rarely evident in the Australian environment. That Australian proponents of a stronger emphasis on defence provision face less domestic opposition than their New Zealand

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counterparts reflects, among other things, the different geopolitical circumstances facing the two countries. For Australia, there is no question about the proximity and immediacy of important regional security developments. This applied in the case of the forward defence thinking of the 1960s, which for some critics has been revisited since the election of the Howard government.[12] It was also the case for Paul Dibb's multi-layered strategy of denial[13] which helped to change the face of Australia's security planning in the mid-1980s.

The regional security connection was made even more explicit at the end of that decade with the launch in late 1989 of the Evans statement on regional security in which the Hawke Labor government laid out a broad strategy of comprehensive regional security engagement for Australia.[14] Perhaps working on the basis of an "anything Labor can do we can do better" principle, in December 1997 the Howard government outlined its own regional security strategy in the form of *Australia's Strategic Policy*[15] (*ASP 97*). By this time, the first Australian Foreign Affairs and Trade White Paper, *In the National Interest*, had also been published,[16] providing some basic assessments of the importance of the region to Australia, which the *Strategic Policy* document was then to build on.

Of course, the mere publication of an explicit regional security policy is no guarantee of its quality or accuracy. Yet the two 1997 Australian documents provide a sense of priority and focus in Australia's external policy which, on the whole, are difficult to find in New Zealand policy. Firstly, *In the National Interest* confirms the Asia-Pacific as Australia's priority area of interest.[17] This logic then flows into *ASP 97*'s statement that: "While we have important interests — including strategic interests — at the global level, the focus of our strategic attention is now more than ever on the Asia-Pacific region."[18] Moreover, *ASP 97* provides a fairly clear, albeit rather ambitious, list of "Australia's key strategic interests in the Asia-Pacific region". According to this document, Australia needs:

- to avoid destabilizing strategic competition between the region's major powers;
- to prevent the re-emergence in the Asia-Pacific of a security environment dominated by any power(s) whose strategic interests would likely be inimical to those of Australia;
- to maintain a benign security environment in Southeast Asia, especially in maritime Southeast Asia, which safeguards the territorial integrity of all countries in the region;
- to prevent the positioning in neighbouring states by any foreign power of military forces which might be used to attack Australia; and

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- to prevent the proliferation of weapons of mass destruction in the Asia-Pacific region.[19]

It is not the object of this article to assess whether these objectives are too ambitious for Australia or whether they may exaggerate the potential threats to Australia's security which they seek to contain. However, they provide a benchmark against which New Zealand's regional security objectives can be usefully compared. Unfortunately, there is no equivalent New Zealand document to either *In the National Interest* or *ASP 97*. But the 1997 Defence White Paper does contain a statement of New Zealand's regional security objectives. According to the *Shape of New Zealand's Defence*, the requirements are:

- to make an appropriate contribution to the maintenance of security in the Asia-Pacific region by having a range of militarily effective capabilities that are inter-operable with New Zealand's allies and friends;
- to fulfil New Zealand's commitments under the FPDA; and,
- to ensure that New Zealand's contribution to regional security is valued by regional partners and contributes to New Zealand's standing in the region.[20]

As is the case with much of the defence policy shaped under the National Party-led governments of the 1990s, these objectives say as much if not more about key defence relationships ("allies and friends", the FPDA, and "regional partners") as they do about the specific regional security outcomes which these partnerships are meant to promote. If the *ASP 97* list suggests a middle power confident of its own ability to project its influence, the New Zealand list reflects the philosophy of a much smaller entity offering to do its bit within a multilateral framework.

Hence, there is much to be said for Jim Rolfe's explanation that, "This is the language of a country with few military ambitions."[21] However, the New Zealand list is unhelpful in terms of identifying the specific trends in the regional security environment which Wellington is trying to encourage (and thus in helping to determine what sort of strategy is most appropriate to help achieve these ends).

This is not to deny that regional security occupies an important place in Wellington's thinking: it is one of the three main planks of the defence policy established by the new National Party government in the 1991 White Paper. The thinner 1997 White Paper confirmed these three pillars as:

- *Defending New Zealand* against low-level threats, such as incursions into New Zealand's Exclusive Economic Zone (EEZ), and terrorism.

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- *Contributing to regional security*, which includes maintaining key defence relationships with Australia and the FPDA partners — Australia, the United Kingdom, Malaysia and Singapore.
- Being a good international citizen by *playing a part in global security efforts*, particularly peacekeeping.[22]

Few New Zealanders (or observers from further afield) are likely to object to these wholesome goals, but the breadth of their formulation does not make it easy to generate a specific regional security strategy. On the one hand, because almost every defence capability can conceivably make a "contribution to regional security", this approach does little to help drive important force structure choices,[23] and in general to encourage clear linkages between policy objectives and capability requirements.

On the other hand, the regional security objective is just one part of a very comprehensive threesome which sets up an asymmetry between its influence and New Zealand's stated security interests. Soon after the publication of the 1991 White Paper, Defence Secretary Gerald Hensley explained that New Zealand's strategy "has to be what General de Gaulle called *tous azimuths* [*sic*] or omni-directional".[24] Observers who might have wondered whether mid-century France was up to this task would certainly raise questions about its suitability for New Zealand during the 1990s.

With the three-pillared approach, regional security gets listed as a priority, but it is not laid out as a priority over other commitments. Yet, there may be good reasons why regional security should occupy a more privileged position. For example, none other than Defence Secretary Hensley told the New Zealand Foreign Affairs, Defence and Trade Select Committee in May 1997 that all three "pillars" of New Zealand's defence policy "are important parts of our defence planning, but regional security is the most demanding in terms of our force structure. In practice regional security provides the capabilities from which we meet the other two."[25] One might therefore have expected Wellington to follow Canberra's lead in developing a much stronger regional security emphasis. The next section provides some potential explanations for why this step has not yet been taken.

Factor One: New Zealand's Distance from the Main Regional Action

In comparison to its trans-Tasman neighbour, New Zealand lies at a greater distance from major developments in the Asia-Pacific, and is thus less vulnerable in a direct sense to any significant deterioration in the regional security environment. If Paul Dibb was able to argue that Australia possesses a "sea and air gap"[26] with respect to its near

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northern neighbours, then New Zealand might be said to have a "sea and air chasm". Australia's interest in developments throughout the Indonesian archipelago and Papua New Guinea are thus more compelling, as are its memories of vulnerability during World War II,[27] and its recent experience of coping with sea-borne refugees from less secure and less affluent parts of the wider region.

This perceptual difference is also found in the way the two countries tend to assess the regional security environment. On the whole, Canberra tends to be somewhat more sensitive and pessimistic about changes in the security climate. For example, in a newspaper interview, Prime Minister John Howard noted that Australia's defence posture was being reassessed because "the region, by dint of global changes ... is potentially less stable".[28] However, referring to Australian perceptions as "decidedly gloomy", New Zealand's Minister of Defence, Mark Burton, has suggested that "we are dealing with an environment that is less predictable and more complex, but not necessarily more dangerous".[29]

In other words, while for Australia a strong regional security emphasis is only to be expected, for New Zealand it is more a matter of choice. This is not to deny the increasing sense of New Zealand's membership of an Asia-Pacific community. This is reflected in New Zealand's commitment to the APEC forum and the priority which was attached to hosting the 1999 summit in Auckland. It is also to be found in the ongoing recognition of the importance of regional markets and of contributing to regional security dialogue through such auspices as the ASEAN Regional Forum. Nevertheless, while all of the economic, political, cultural and people-to-people linkages between New Zealand and the rest of the Asia-Pacific may be encouraging a sense of New Zealand's regional identity,[30] these have not been sufficient to completely undermine the sense of distance in security terms.

Factor Two: Would a Regional Focus be Isolationist?

The election of the centre-right National Party government in 1990, and the subsequent publication of the 1991 Defence White Paper, saw a strong emphasis placed on the *breadth* of New Zealand's security interests. These were often linked by policy-makers to the spread of New Zealand's economic interests as a global trading nation. This approach had considerable appeal in a post-Cold War environment where increasing emphasis was being placed on the search for prosperity rather than for security *per se*. It also helped to justify New Zealand's contributions to regional security (especially in terms of defence expenditure) on the basis of the economic benefits which were being obtained from a stable and increasingly prosperous region.

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This approach, however, also reflected the political context which is vital to understanding the evolution of the defence debate in New Zealand. In particular, the 1991 White Paper was an attempt to distance the new government from the Labour Party's somewhat controversial defence policy, which had been set out in the review of 1987. This earlier policy had been drawn up in the wake of the breakdown in New Zealand's security relationship with Washington, a schism which the National Party was keen to reverse.

The 1987 review is especially relevant for the purposes of this article because of its central emphasis on "the preservation of New Zealand's security, that of the island states for which [it is] responsible".[31] This approach can be interpreted as an attempt to build a regional security strategy (or perhaps a sub-regional strategy) for New Zealand. This was based on what was called "our direct area of strategic concern", which included "New Zealand itself, the Pacific islands, Australia and Antarctica".[32]

However, for the incoming National Party government, and for many members of the defence establishment, the sense of "region" involved here appeared to be far too narrow. Labour's attempts to emphasize New Zealand's defence self-reliance, and the importance of trans-Tasman defence links were not enough to save this approach. In place of this apparently "isolationist" concentration on New Zealand's immediate region, the 1991 White Paper presented a much more inclusive (or "omni-directional") approach, paying special emphasis to the value of New Zealand's traditional security partnerships.

Factor Three: New Zealand's Wider International Credentials

By emphasizing the breadth of New Zealand's security interests, the incoming National Party government could demonstrate its commitment to some of the global security efforts which were important to Washington. This became even more significant once it had read the political writing on the wall and had endorsed the anti-nuclear legislation (which for the United States continued to be the main obstacle to restoring the old links under ANZUS).

This is not to deny that New Zealand has a long tradition of deploying its forces to faraway places. There is something of a domestic expectation that the NZDF should be involved in peace support missions. But deployments during the 1990s, to Somalia, Bosnia, and the Persian Gulf, can be explained at least partially by the National Party government's desire to prove New Zealand's continuing good faith to its traditional allies. In early 1998, for example, it was able to demonstrate these credentials when it

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responded positively to Washington's request for support in the crisis over Iraq's continuing non-cooperation with the United Nations weapons inspection regime.[33]

As most of these important multinational activities took place away from the Asia-Pacific region, they did not do much to encourage a regional security focus for New Zealand. Indeed, it might be argued that the very absence of a strong security relationship with the United States has prevented New Zealand from participating in some of the most significant multinational military exercises in the Asia-Pacific, such as the Rim of the Pacific (RIMPAC),[34] although at the same time this absence only increased the significance of the FPDA in Wellington's eyes.

The same sort of international (rather than regional) flavour also applied for much of the 1990s to the peacekeeping missions which New Zealanders are so keen to support. Before the recent missions in Bougainville (Papua New Guinea) and East Timor, regional peacekeeping opportunities were few and far between, with the exception of Cambodia. Even in the latter case, the scale of New Zealand's involvement and the sense of distance from mainland Southeast Asia meant that this deployment was unlikely to be enough to generate a regional security focus.

Factor Four: The Separation of South Pacific from Asia-Pacific

An appropriate regional security strategy for New Zealand would incorporate Wellington's interests in the South Pacific *and* the most proximate parts of Pacific Asia. Yet, in policy statements and speeches made by New Zealand's policy-makers, the "Asia-Pacific region" and the "South Pacific" have tended to receive separate and almost unconnected treatment.[35]

It is not difficult to understand some of the reasons for such a bifurcation. In security terms, at least before the Asian crisis and the political changes in Indonesia, one might have drawn a clear distinction. On the one hand, in the wider Asia-Pacific the main security issues during the 1990s were the product of interactions between the major powers (especially in Northeast Asia). On the other hand, in the South Pacific, the security agenda was dominated by domestic political issues, economic vulnerability, and environmental challenges, such as sea-level rise. The economic frailty of most South Pacific countries stood in rather direct contrast to the economic miracles in pre-crisis Asia, and this only increased the gulf in their respective importance to New Zealand in trading terms. These gaps did little to help generate notions of an integrated Asia-Pacific region

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(including the South Pacific) whose constituent parts were faced by common opportunities and challenges.

Moreover, even though New Zealand took steps during the 1990s to encourage a number of South Pacific countries towards greater economic self-reliance, there was still a special sense of sub-regional obligation on Wellington's part, which is not to be found in its relations with the wider Asia-Pacific. New Zealand's responsibility for the defence of the Cook Islands, Niue, and Tokelau is a case in point here, but so too are the special connections between New Zealand and other Polynesian countries. In this context, developing a regional security strategy which straddles both the South Pacific and the nearer parts of East Asia is not as easy as it sounds.

Factor Five: Is Asia-Pacific Security New Zealand's Game?

There are also questions about what role New Zealand can and should play in the wider Asia-Pacific security environment. If, for instance, a regional security strategy means a strong emphasis on great power security relations, tensions and crises, it is not an easy or uncontroversial task to determine what New Zealand is best placed to contribute, especially in defence terms.

One possible limitation here is that some of the logic behind New Zealand's regional defence commitments during the 1950s and 1960s no longer applies. Thirty-five years ago, it could be argued that under Britain's leadership, New Zealand had a joint responsibility with Australia to provide for the security of newly independent Southeast Asian Commonwealth states — Singapore and Malaysia. In this sense, New Zealand was a provider, or at least a shaper, of regional security. Since the early 1970s, however, New Zealand's role and self-perception has changed.

New Zealand is now more aware that as a small country of under four million people at the southern end of the South Pacific, it is more often than not a *consumer* of the security which others (increasingly East Asian states) are providing.[36] This makes it even more important for Wellington to avoid assuming that it knows what is best for the region. It has been many decades since New Zealand prime ministers thought of their country as a sort of British outpost in the region, and today's leaders are even less keen than John Howard's Australian government to be portrayed as Washington's regional deputy.

There are also practical obstacles to a strong role in the furthest reaches of the wider region. The small size of the NZDF and doubts over its ability to work in a multi-threat environment raise questions about what New Zealand could contribute if any one of the region's major

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hotspots were to erupt. (Analysts commonly list these scenarios as including conflict breaking out on the Korean peninsula, an escalation of tensions across the Taiwan Strait, and conflict in the South China Sea.) New Zealand's involvement in preventing or responding to such developments would certainly have to be in the context of fitting into a coalition with other larger powers. Since the United States would be the most likely leader of such a coalition, questions remain about New Zealand's ability to participate, although the Clinton Administration's willingness to engage in one-off defence co-operation with New Zealand, as in the case of East Timor, may have opened a new door in this area.[37]

Secondly, such a role is not uncontroversial because of domestic political differences over the wisdom of New Zealand's involvement in military activities in the wider Asia-Pacific region. While New Zealanders support peacekeeping missions far and wide, the same support might not be guaranteed for a higher instensity defence engagement in the region.[38] This reluctance may well be interlaced with New Zealanders' rather lukewarm support of major defence capabilities, such as the ANZAC frigate project, which might be called on in such circumstances. Without firmer public support, it may not be easy to build a regional security strategy, at least one which emphasizes New Zealand's role in Pacific Asia.

The reluctance in some quarters to ascribe to what might be called "traditional" regional security commitments in the Asia-Pacific might be seen in the work of the Foreign Affairs and Trade Select Committee. On the one hand, in its earlier report on *New Zealand's Place in the World* and *New Zealand's Role in Asia-Pacific Security*, the Committee noted that New Zealand's continuing interests in a favourable regional security environment was an important part of the country's external policy. Indeed, this report goes some way towards the establishment of a comprehensive statement on regional security for New Zealand.

However, these regional security considerations were given less prominence in the Committee's final report on its high-profile *Defence Beyond 2000* inquiry. This is significant because it is this second report which deals more directly with equipping the NZDF in carrying out the tasks which are required of it, and which places less emphasis on the softer tools of policy such as trade negotiations and multilateral diplomacy.

In this context, the unwillingness of National Party members on the Committee to endorse the final *Defence Beyond 2000* report is quite significant.[39] One of the major justifications for this decision was the assessment by government Members of Parliament that the report did not place sufficient emphasis on the need for capabilities such as

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combat aircraft and additional frigates, which they saw as important parts of a credible regional security contribution.

Factor Six: Keeping Options Open

This dissenting opinion did not, however, translate into support for the notion that regional security deserves absolutely top priority for New Zealand. Such a commitment would be out of place for a government which throughout the 1990s had emphasized the global spread of New Zealand's interests, the uncertainty of the post-Cold War security environment, and the need for the NZDF to offer the government options to deal with a correspondingly wide range of potential contingencies. In this context, identifying regional security as the foremost priority (rather than as one pillar among three) would close down much needed options. For example, a regional security-first approach would thus be inappropriate should New Zealand continue to be called on to offer support for a range of extra-regional contingencies.

East Timor: A Boost for New Zealand's Regional Security Involvement?

Until recently, the widespread enthusiasm in New Zealand for peacekeeping activities has tended to be an argument against a regional security focus. For example, there is not much doubt that spending valuable dollars on sending peacekeepers to Bosnia under the United Nations Protection Force (UNPROFOR) was a higher priority for most New Zealanders than sending frigates to Southeast Asia for FPDA exercises. The argument that countries like New Zealand, which benefit from regional economic prosperity, must also contribute to the regional security which underpins it has hardly taken off.[40] Repeated warnings from senior National Party politicians that New Zealand could ill-afford to be viewed by others as a free-loader on defence matters have not struck an especially sensitive public nerve. International humanitarian intervention has seemed more important than regional stability.

Nevertheless, fragmentation in parts of the region which are relatively proximate to New Zealand (and much closer to its closest neighbour, Australia) may be reducing potential strains between this historical tendency towards internationalism and New Zealand's regional security interests. This convergence was already evident in the leading role taken by New Zealand in the Bougainville peace process, both at the diplomatic level and in terms of the NZDF's commitments to the Truce Monitoring and Peace Monitoring Groups on the island.[41] The convergence has been strengthened by developments in East Timor.

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which have brought the global issue of humanitarian intervention closer to home. As "the largest deployment by the New Zealand Defence Force since Korea",[42] East Timor represents an especially significant focus of effort for New Zealand.

Defence commentators within New Zealand have warned against the tendency for East Timor to be viewed as a model for all that the NZDF will do in the future.[43] However, this does not necessarily mean that New Zealand's role in Bougainville and East Timor are one-off affairs, or that they are somehow no more significant than any one of the wide range of regional contingencies that New Zealand may face in future years. It can be argued that they help to represent a pattern in at least two aspects.[44] First, the responses to them are local manifestations of what Coral Bell has termed "cosmopolitan norms", which are increasingly replacing traditional "realist nationalist norms".[45] Secondly, and more significantly, together with concerns about instability in the Solomon Islands, developments in East Timor and Bougainville highlight the internal security challenges faced by several countries occupying what might be called the Melanesian arc.[46]

This arc is really the bridge between the South Pacific and the wider Asia-Pacific region, and thus a vehicle for integrating New Zealand's sometimes disparate regional security interests. Moreover, these security problems owe more to internal political tensions than to interstate rivalries between great powers, and they lend themselves to the peace operation roles which are at the top of many New Zealanders' lists of jobs which they want the Defence Force to do.[47] This conjunction was expressed aptly by Jenny Shipley who, as Prime Minister at the time of New Zealand's commitment to INTERFET, noted that "in our region, just a few hours' flight to the north of us, we have our own Kosovo".[48]

The NZDF's concentration on East Timor and Bougainville reduces the need for defence policy to distinguish between New Zealand's contributions to regional security, on the one hand (the second pillar in the 1990s strategy), and to global collective security such as international peacekeeping, on the other (the third pillar). Moreover, focusing on the Melanesian arc as the interface between the South Pacific and East Asia helps set a middle ground between the rather narrow regional security policy outlined in the 1987 White Paper and the seemingly too wide security interests outlined in the policy since the 1991 White Paper.

At least at a conceptual level, therefore, East Timor, Bougainville and any other nearby contingencies may provide the basis for a more serious look at building a sustainable and responsible regional security strategy for New Zealand. This is not to say that such a strategy would

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be risk-free, especially if it encourages New Zealand decision-makers to commit the NZDF to security situations in the region which are escalating quickly. It is also possible that the degree of regional fragmentation may turn out to be far greater than local coalitions of the willing can deal with. By the same token, if the establishment of such a regional security strategy concentrates New Zealand minds on the specific defence capabilities and resources which New Zealand needs most, it may also reduce the prospect that New Zealand will be caught short in a future operation.

The New Government: Whither Regional Security?

The East Timor deployment was not the only major development during the second half of 1999 which had implications for New Zealand's approach to regional security. In November 1999, New Zealand voters brought into power a centre-left coalition government led by the Labour Party's Helen Clark. This transfer of power promises a major shake-up of New Zealand's defence policy, given the new government's endorsement of the main findings of the Select Committee's final *Defence Beyond 2000* report.

The new administration has been quick to begin this process, having already cancelled its predecessor's plan to acquire F-16 aircraft from the United States as replacements for the Royal New Zealand Air Force's ageing A-4 Skyhawks. Prime Minister Clark has challenged advocates of an air strike capability to make stronger arguments for its retention. In general, Labour Party leaders have signalled their intention to place the main emphasis on enhancing those defence capabilities associated with the deployment and operation of land-based forces engaged in peace support roles.

While East Timor has generated the most obvious demands for such capabilities, this does not necessarily mean that regional security goes automatically to the top of the pile. On the one hand, the internationalist mood is still clearly alive in Labour's approach to security issues. Materials prepared for the 1999 election campaign confirm a commitment to international peacekeeping,[49] and the new government has already demonstrated its commitment to re-energizing the global campaign for complete nuclear disarmament.

Like disarmament, human rights is another global cause favoured by both the Labour Party and its junior coalition partner, the Alliance Party. Any moves to strengthen New Zealand's stand on human rights violations could of course draw greater attention to developments within the region. Indeed, this issue has been at the forefront of the keen interest in East Timor's recent history on the part of leading Labour and

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Alliance politicians, including new Foreign Affairs and Trade Minister Phil Goff (Labour)[50] and new Disarmament Minister Matt Robson (Alliance). Whether this human rights commitment also complicates Wellington's regional security role will, to some extent, depend on the governments it wishes to work with closely.

On the other hand, Labour's election manifesto also reveals a strong emphasis on South Pacific security. This does not imply a wholesale return to the thinking behind the 1987 White Paper, but it does suggest that increasing attention will be paid to developments closer to home. There is also likely to be a strong push to develop an integrated approach to South Pacific security issues emphasizing prevention rather than cure, and a further integration of New Zealand's defence, development aid, and diplomatic linkages with Pacific countries.[51]

In this light, it should be noted that the new government's definition of the "region" and of "security" differs from those definitions which have underlaid New Zealand's traditional contributions to security in the wider Asia-Pacific region. For example, while Labour remains committed in its pre-election manifesto to fulfilling New Zealand's FPDA obligations and retaining Australia as New Zealand's closest defence partner, at the same time it argues that "[m]ilitary alliances such as ANZUS are no longer an appropriate means of meeting our region's post-Cold War security needs",[52] and has a clear preference for the multilateral security dialogue style of the ARF.

The new government is likely to be also interested in reports that Australia is proposing to concentrate its defence planning on potential operations in the so-called arc of instability rather than higher-level conflict further afield in Northeast Asia.[53] This might fit reasonably well with the types of operations the Labour–Alliance coalition has in mind for the NZDF.

It is thus still likely that under the new government New Zealand will place greater emphasis on at least some aspects of regional security in the post-East Timor period. It is open to question whether this will be enough to produce a regional security strategy for New Zealand. But even if such a statement emerges, it is unlikely to be music to the ears of those who continue to see regional security and stability in terms of the balance of power and the deterrence of potential hegemons.

NOTES

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1. See Rouben Azizian, "The APEC Summit: From Acceleration to Consolidation", *New Zealand International Review* 24, no. 6 (November/December 1999): 3; and "Success against the odds", *Dominion* (Wellington), 8 September 1999, p. 8.
2. Figures taken from Hon. Mark Burton, "Opening Address", *Defence Policy After East Timor* (New Zealand Institute of International Affairs, Wellington, 17 February 2000), p. 1.
3. For the announcement, see Hon. Mark Burton, "NZ Commitment to East Timor", Press Release, 23 December 1999. Updates on New Zealand's contribution are available at <www.army.mil.nz/ops/easttimor_now.cfm>.
4. See "Troops transfer to UN control", *Dominion*, 3 February 2000, p. 9.
5. See "Little bit of everything defence policy rejected", *Dominion*, 17 January 2000, p. 2.
6. For a recent update, see *Report of the Ministry of Defence for the Year ended 30 June 1999*, G.4 (Wellington: Ministry of Defence, 1999), p. 9. On earlier aspects of the CDR, see the collection of essays in Robert A. Hall, ed., *Australia-New Zealand: Closer Defence Relationships* (Canberra: Australian Defence Studies Centre, 1993).
7. For an excellent summary of these commitments, see Ian McGibbon, "Forward Defence: The Southeast Asian Commitment", in *New Zealand in World Affairs, Volume II, 1957-1972*, edited by Malcolm McKinnon (Wellington: NZIIA, 1991), p. 39.
8. See Mark Pearson, *Paper Tiger: New Zealand's Part in SEATO 1954-1977* (Wellington: NZIIA, 1989).
9. On that dispute, see Malcolm McKinnon, *Independence and Foreign Policy: New Zealand in the World Since 1935* (Auckland: Auckland University Press, 1993), pp. 278-301.
10. For an analysis of the FPDA from a New Zealand perspective, see Jim Rolfe, "Anachronistic Past or Positive Future: New Zealand and the Five Power Defence Arrangements", *CSS Working Paper* 4/95 (Wellington: Centre for Strategic Studies, New Zealand, 1995).
11. Some of New Zealand's regional bilateral linkages are discussed in *Report of the Ministry of Defence*, pp. 10-12.
12. See a number of essays in Mohan Malik, ed., *Australia's Security in the 21st Century* (St Leonards, NSW: Allen & Unwin, 1999).
13. See *Review of Australia's Defence Capabilities, Report to the Minister of Defence by Mr Paul Dibb* (Canberra: Australian Government Publishing Service, 1986), pp. 36-37, 48–49.
14. *Australia's Regional Security*, Ministerial Statement by Senator the Hon. Gareth Evans QC, Minister of Foreign Affairs and Trade, December 1999, in Greg Fry, ed., *Australia's Regional Security* (Sydney: Allen & Unwin, 1991).
15. Department of Defence, *Australia's Strategic Policy* (Canberra: Department of Defence, 1997).
16. Department of Foreign Affairs and Trade, *In the National Interest: Australia's Foreign and Trade Policy White Paper* (Canberra: Department of Foreign Affairs and Trade, 1997).
17. See ibid., pp. iii-viii, 1-3.
18. *Department of Defence, Australia's Strategic Policy*, p. 9.
19. Ibid., p. 8.
20. Ministry of Defence, *The Shape of New Zealand's Defence: A White Paper* (Wellington, 1997), p. 24.
21. James Rolfe, *The Armed Forces of New Zealand* (St Leonards NSW: Allen & Unwin), p. 25.
22. Ministry of Defence, *The Shape of New Zealand's Defence: A White Paper* (Wellington, 1997), p. 7.

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23. On the need for choices, see "The Development of the 1991 Defence White Paper: Address to the Military Studies Centre, 23 June 1992", p. 5.
24. Ibid., p. 5; provided by the Ministry of Defence to Foreign Affairs Defence and Trade Committee, Inquiry into Defence Beyond 2000 (I/DEF/MOD/29B).
25. "Remarks by the Secretary of Defence, Foreign Affairs, Defence and Trade Select Committee", 22 May 1997, Evidence to New Zealand's Place in the World Inquiry (I/NZPW/MOD/2B), p. 1. These comments were reported in "Contribution to regional security urged", *Dominion*, 24 May 1997, p. 2.
26. *Review of Australia's Defence Capabilities* (1986), p. 50.
27. As noted in McGibbon, op. cit., pp. 13-14.
28. "Western grit and sights trained on region", *Australian Financial Review*, 6 April 2000, p. 18. For a New Zealand report on the Australian Prime Minister's comments, see *Dominion*, 7 April 2000, p. 4.
29. Burton, "Opening Address", p. 3.
30. See Don McKinnon, "New Zealand: An Engaging Country", Address to the Cabinet Club, Dunedin, 9 May 1997, pp. 7-8.
31. *Defence of New Zealand: Review of Defence Policy* (Wellington: Government Printer, 1987), p. 5.
32. Ibid., 1987, p. 18.
33. For Prime Minister Jenny Shipley's assessment of the threat posed by Saddam Hussein's weapons programmes, see *New Zealand Parliamentary Debates*, Vol. 566, 18 February 1998, p. 6552.
34. For an American list of regional multinational exercises in which New Zealand's name is notable for its absence, see *The United States Security Strategy for the East Asia-Pacific Region* (Washington DC: Department of Defense, November 1998), p. 15.
35. See Ministry of Defence, *The Shape of New Zealand's Defence: A White Paper* (1997), pp. 13-17 (Asia-Pacific Region), p. 21 (South Pacific). For a more recent example, see *Report of the Ministry of Defence for the Year ended 30 June 1999* (Wellington: Ministry of Defence, 1999), p. 5. For some attempts to draw linkages between New Zealand's approach to the Asia-Pacific and the South Pacific, see *Inquiry into 'New Zealand's Place in the World' and 'New Zealand's Role in Asia-Pacific Regional Security', Report of the Foreign Affairs, Defence and Trade Committee*, I.4B (Wellington: House of Representatives, 1997), pp. 34–35.
36. For a similar point in the context of Australia's approach to regional security, see Ramesh Thakur, "Australia's Regional Engagement", *Contemporary Southeast Asia* 20, no. 1 (April 1998): 19.
37. See "It's the big thaw: Clinton wants NZ in Timor war games", *Dominion*, 16 September 1999, p. 1.
38. A 1994 survey of New Zealanders' attitudes found that assistance in "training the armed forces of friendly Southeast Asian countries" was "the least popular of ten roles suggested for the New Zealand defence forces"; Stephen Levine, Paul Spoonley and Peter Aimer, *Waging Peace Towards 2000* (Auckland: Foundation for Peace Studies, Aotearoa/New Zealand), pp. 109–11.
39. For their dissenting report, see "Government Members' (minority) report", in *Inquiry into Defence Beyond 2000, Report of the Foreign Affairs, Defence and Trade Committee*, I. 4D (Wellington: House of Representatives, 1999), pp. 113–31.
40. See Ministry of Defence, *The Shape of New Zealand's Defence* (1997), p. 16.
41. See John Henderson, "Bougainville: The Uncertain Road to Peace", *New Zealand International Review* 24, no. 3 (May/June 1999): 10–13.
42. Burton, "Opening Address", p. 1.
43. For the argument that "uncertainty in our strategic environment provides no guarantee that our response to East Timor will be the right one for a different future

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crisis", see "Foreword", *Government Response to the Report of the Foreign Affairs, Defence and Trade Committee, The Inquiry Into Defence Beyond 2000*, A5 (1999). Similarly, Jim Rolfe has warned against the temptation to "extrapolate short-term events into long-term conclusions" in the light of New Zealand's commitment to East Timor, and "to think clearly about what, if anything, about this deployment is sui generis and what is more generally applicable". Jim Rolfe, "East Timor: The Way Ahead", *New Zealand Defence Quarterly* 27 (Summer 1999): 10.

44. On the potential for patterns in New Zealand's security policy, see Robert Ayson, "Strategic Uncertainty", *New Zealand Army Journal* 21 (July 1999): 41.
45. See Coral Bell, "Changing the Rules of International Politics", *AUS-CSCAP Newsletter* 9 (February 2000), p. 3.
46. This does not extend as far as Paul Dibb's "arc of instability" which intriguingly not only includes a "balkanised Indonesia" and "a broken-backed Papua New Guinea", but also a "weak New Zealand". See Paul Dibb, David H. Hale, and Peter Prince, "Asia's Insecurity", *Survival* 41, no. 3 (Autumn 1999): 18.
47. On the unanimous cross-party support for the East Timor commitment, see "'Godspeed' as all parties back peace mission", *Dominion*, 18 September, p. 2.
48. *New Zealand Parliamentary Debates*, Vol. 580, 17 September 1999, p. 19461.
49. New Zealand Labour Party, *Labour on Defence*, November 1999, at <www.labour.org.nz/InfoCentre1/Policies/defencepol.html>.
50. For Mr Goff's comments while still an Opposition MP, see Phil Goff, "East Timor: Lessons and Implications", *New Zealand International Review* 24, no. 4 (July/August 1999): 2–5.
51. For the commitment to "conduct an inquiry into New Zealand's ongoing relationship with the Pacific to establish how best to assist future development", see New Zealand Labour Party, *Foreign Affairs and Defence Policy Summary*, November 1999, at <www.labour.org.nz/InfoCentre1/Policies/foreignaffairs.html>.
52. See *Labour on Defence*.
53. See "Trading blows: PM fears regional instability", *Australian Financial Review*, 6 April 2000, p. 1; and "Australia reviews army", *Dominion*, 22 March 2000, p. 6.

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Book Reviews

The U.S.–Japan Alliance: Past, Present and Future. **Edited by Michael J. Green and Patrick M. Cronin.** New York: Council on Foreign Relations, 1999. 403pp.

During the Cold War, the U.S.–Japan alliance was a touchstone of America's commitment to the security of Japan, in particular, and non-communist Asia-Pacific in general. The alliance was a mutually advantageous arrangement. The Korean and Vietnam wars bore out the vital importance of Japan's military bases to America's global containment of the communist threat. The United States for its part provided the nuclear umbrella under which Japan was able to concentrate on economic development, and to later emerge as an economic powerhouse and rival to the former.

With the disappearance of the Soviet threat, the utility of the U.S. forward-deployed presence in the Asia-Pacific has come under increased debate. Faced with a perennial trade deficit, many Americans are once again accusing Japan of taking a free ride on the American security guarantee. Strains on the alliance prompted the Nye Initiative (October 1994 to April 1996), a review of the bilateral security relationship in the light of new strategic realities in the Asia-Pacific. In their Joint Security Declaration in 1996, President Clinton and the then Japanese Prime Minister Ryutaro Hashimoto reaffirmed their commitment to the U.S.–Japan security relationship, the culmination of a series of efforts to shore up the embattled alliance. The following September, the New Guidelines for U.S.-Japan Defence Co-operation were issued, providing for an expanded Japanese role in regional security.

U.S.–Japan Alliance is a compilation of essays presenting an American perspective on the history, evolution, and prospects of the

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security partnership. In view of new regional security challenges and outstanding problems in U.S.–Japan co-operation, the authors argue that a reaffirmation of the alliance is not enough — a redefinition of alliance roles and missions (specifically, an enhanced role for Japan and a wider East Asian focus) is crucial to the continued viability and relevance of the alliance.

While (or because) *U.S.–Japan Alliance* argues for the preservation and strengthening of the alliance, the editors, Michael Green and Patrick Cronin, feel that solutions to the problems of the alliance should be approached from an essentially realist perspective, based upon a premise that "the U.S.–Japan security alliance is critical to the maintenance of US interests and stability in the Asia-Pacific" (p. xiii). Defending the alliance on ideological grounds, the authors feel, is impractical as it is unlikely to win long-term support from either the U.S. Congress or the American and Japanese public, and would continue to subject the alliance to continued periodic ups and downs.

Both before and after the Cold War, American interests in the Asia-Pacific are largely economic. James Przystup discusses in detail how American economic interest in the region has involved the country in Asia-Pacific affairs since the promulgation of the "open door" doctrine. Evaluating America's post-Cold War foreign policy options, Richard Samuels and Christopher Twoney conclude that the alliance remains the most cost-effective way of safe-guarding U.S. interests in the region, although the "imbalance" needs to be addressed with Japan taking on more responsibilities, not merely in its financial contributions, but also in the Self-Defense Force (SDF) playing a more active and larger role in Japan's own defence as well as regional security.

The book begins with an overview of the strategic environment in Northeast Asia. The emphasis here is on the fluidity of international dynamics. Territorial and sovereignty disputes — involving the major powers over Taiwan, the Diaoyu/Senkaku islands (China and Japan), the Spratlys (China and some Southeast Asian states), a divided Korea — are identified as some of the potential flashpoints in the region. Apart from the obvious issue of security, the Asia-Pacific is also one of the fastest growing economic regions in the world, and major international shipping lanes run through the South China Sea. This gives the United States and Japan strong reasons to ensure regional stability.

In separate chapters by Samuels, Twoney and Robert Manning, the contributors contend that big power brokers are vital to Asia-Pacific security because, unlike the case in Europe, multilateralism as a mechanism for forging consensus and ameliorating disputes is weak in the Asia-Pacific. Despite fledgling multilateral institutions, such as the

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ASEAN Regional Forum (ARF), security issues are still dominated by the major powers — the United States, Japan, and China. A legacy of mistrust among the Asia-Pacific countries hamstrings efforts towards constructing effective multilateralism. This alone does not necessitate U.S. engagement and military commitment to the region, but no East Asian power has yet emerged that is both able and willing to take up the mantle of regional leadership. Unlike Germany, Japan has yet to fully come to terms with its militarist past, rendering it both incapable of and reluctant to exercise political leadership commensurate with its economic power. While China is not viewed by most Asia-Pacific countries as an immediate security threat, its growing assertiveness and propensity to resort to force — as demonstrated by its test-firing of missiles and other military exercises near Taiwan in March 1996 and scuffles with the Philippines over the Spratlys — have caused unease in the region.

By far the greatest concern of the authors is the threat posed by a hostile, nuclear-capable North Korea teetering on the edge of implosion after years of economic devastation. North Korea's test firing of the Taepo-dong missile over Japan in 1998 has sent alarm bells ringing in Tokyo and underscored the continued relevance of the U.S.–Japan alliance. The security partnership is also seen as the nucleus of an ongoing effort for the peaceful integration of China into the international order and resolution of the Korean problem.

Russia is conspicuously absent from the discussion on the regional strategic environment. This may be due to the fact that Russia is presently too distracted by a myriad of internal problems to play a significant role in Asia-Pacific geopolitics in the immediate future. Yet it should not be forgotten that Russia was a major regional player and will certainly affect the strategic balance in the future. The essays allude to the territorial disputes between Russia and China (along their 4,000-mile border) and Japan (the Kuriles) but leaves out a discussion of their implications for regional security in favour of the more immediate North Korean threat and an emerging China. The authors are right in urging the abandonment of a Cold War world-view, but a discussion of Northeast Asian security without including Russia is incomplete. After all, Russia, China, and Japan were all embroiled in bitter imperial struggles for regional dominance in the not too distant past. In decades past, a perceived Soviet threat was the *raison d'être* of the U.S.–Japan alliance.

Given the traditional lack of strategic co-operation among Asia-Pacific countries and the fluid regional situation, a strong U.S. military presence is certainly tolerated if not actually welcomed by the region. As Manning observes, "the region's economic and political dynamism

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has been underpinned by an informal security system comprised principally of the US [and its] network of bilateral alliances", the most important of which is the U.S.–Japan alliance.

Yet, as Paul Giarra and Akihisa Nagashima point out, the U.S.–Japan security relationship has historically been "a political arrangement and not a military pact by any traditional measure" (p. 98). In its second section, the book devotes five chapters to the historical development of the U.S.–Japan alliance and the changes taking place in the wake of the Cold War. All the authors bemoan the absence of an integrated command structure for the SDF and U.S. forces in Japan. This lack of effective co-ordination between the two national forces has become increasingly problematic as both partners seek to meet new challenges arising from the end of the Cold War, and to take advantage of rapid technological changes. The 1994 North Korean nuclear crisis, and the March 1998 test-firing of Taepo-dong missiles underline the continued strategic relevance of the alliance. The Theatre Missile Defence (TMD) has been proposed to counter threats such as a (potentially) nuclear-capable North Korea since "diplomacy and deterrence are essential yet insufficient instruments" for maintaining peace and stability in the region. The effective implementation of the TMD, however, is premised on a close collaboration between the Japanese and American militaries.

The 1995 rape of an Okinawan schoolgirl by U.S. servicemen threatened to cast a pall over the prospect of closer bilateral military co-operation and, more specifically, the future of U.S. military bases in Japan. The high visibility and concentration of U.S. bases in Okinawa have become a growing source of contention in Japanese politics. Moreover, it does not help that the prefecture is also Japan's poorest, and maintains historical grievances against the central government in Tokyo. Garria asserts that Japanese bases and facilities are an integral part of America's Asia-Pacific strategy — the U.S. military's global operations will be seriously affected if it is denied the use of the bases. Contributions to local economic developments from the outstationed U.S. military, consolidation and integration of U.S. and SDF military bases, and the dual use of air and port facilities for both military and civilian purposes are suggested as ways to alleviate the Japanese public's opposition to the presence of U.S. military bases. Garria's recommendations are rather tentative — the difficulties of implementation are conveniently left out — but deserve serious consideration by policy-makers.

In advocating a more balanced alliance relationship, the authors shrewdly recognize the political, technological, and military realities of the alliance in their implicit acceptance of a junior role for Japan. The

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United States assesses its strategy in global terms, whereas Japan is concerned primarily with its own defence and (in recent years) in maintaining peace and stability in areas surrounding Japan. Although not an entirely accurate observation, considering Japan's reliance on Middle East oil and shipping lanes through the South China Sea, this is certainly true where power projection capabilities and the political will to act internationally are concerned.

United Nations peacekeeping operations, humanitarian missions, joint exercises, and other "low intensity" operations are identified as prospective areas for co-operation between the U.S. and Japanese militaries. The SDF's overseas operations, such as its peacekeeping role as part of the U.N. Transitional Authority in Cambodia (UNTAC), reflect Japan's desire to unshackle itself from its militarist past to become a "normal" nation and to play a larger international role. Looking back from the early post-war years, when the opposition decried the very existence of the SDF as a violation of Japan's pacifist post-war constitution, to the SDF's overseas mission in Cambodia, Japan has certainly come a long way in this respect. Yet, Thomas Berger contends that a "postwar culture of antimilitarism" persists in Japan. This was responsible for Tokyo's reluctance to be anything more than a "cheque book" ally during the Gulf War.

Despite the preponderance of non-Japanese authors, *U.S.–Japan Alliance* gives a good insight into Japanese political decision-making on defence, particularly its historical development. The authors demonstrate keen awareness of the weakness and malaise afflicting more recent Japanese coalition governments, the sensitivity of Tokyo–Okinawa relations, and the public's aversion to military action. Taking into account the fact that the book is written by American scholars evaluating the U.S.–Japan alliance from a predominantly American point of view, and primarily for the consumption of American policy-makers, the authors may be forgiven for their relative neglect of the impact of American domestic politics on U.S.–Japan security relations, with the notable exception of trade and technology transfers.

In the final section of the book, four chapters discuss the impact of security relations and bilateral trade on each other, as well as the increasingly salient issue of technology transfer. There is a consensus that both the United States and especially Japan, in the immediate post-war years, have profited economically from their defence relations, in terms of positive spillovers from the alliance. Production of U.S. war *matériel* during the Korean and Vietnam wars reinvigorated Japanese industry while an open U.S. market absorbed Japanese exports. The Yoshida Doctrine has been a conscious Japanese policy as much as a statement of reality, with Japan relying on the United States for its

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defence and concentrating on economic growth. America's defence industry also benefited from Japanese defence procurement but the overall trade and economic benefits to the United States from its alliance with Japan have been much more modest.

Since the 1970s, the massive trade imbalance in favour of Japan has become a source of acrimonious haggling between the two alliance partners and threatens to deplete the goodwill underlying bilateral defence relations. In her historical analysis, Laura Stone describes the divergent trends of U.S.–Japan trade and security relations and explains the apparent contradiction of warming defence relations amid worsening trade disputes. Fears of Japan "going it alone", and the desire to maintain strategic co-operation, have prodded defence officials from both sides to insulate defence relations from trade issues, with mixed results. However, separating trade from security issues, as defence officials have been doing, is not a viable long-term option. Whenever American perceptions of a security threat diminishes, such as during the high *détente* of the Nixon-Kissinger years and the present post-Cold War era, the demand for Japan to open its markets and to assume greater responsibility for its own defence grows more truculent. Stone argues that the importance of the defence relations needs to be impressed upon the American and Japanese public in order to generate greater political support for it.

Moreover, with the shifting focus on technology in both defence and trade, trade and security have become more intertwined, especially in the area of defence procurement and co-development. This is the theme in Michael Chinworth's chapter entitled "The Technological Factor in U.S.–Japan Security Relations". Although the United States still has a growing overall technological lead, unequal technological advances mean that the United States is becoming dependent on other countries, such as Japan, for technology and components vital to its own security. This dependence is sufficiently disconcerting to make technology transfer a major issue in U.S.–Japan defence relations. American concerns are further compounded by Japan's three principles on arms exports. Since the principles bar Japan from exporting arms to "countries which are actually involved in or likely to become international conflicts" (cited in this volume from the Japan Defense Agency, "The Three Principles on Arms Export", *Defense of Japan*, 1997) vital components might be denied to the U.S. military in times of war. Although Japan has relaxed its stance on arms exports, Japanese firms are still not obliged to accede to American requests, as was the case during the Gulf War. Hence, the American emphasis on work-share and co-development of new defence systems, even as the latter seeks to develop indigenous defence technology. The conflicting aims and ambitions, as well as mutual suspicions, in U.S.–Japan defence

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technology co-operation are well illustrated in the confrontation over the Fighter Support Experimental (FSX) programme. The significance of the FSX debacle can be inferred from the attention given to it in the final section of the book.

U.S.–Japan Alliance: Past, Present and Future provides a good insight into the inner workings of the U.S.–Japan alliance and its future prospects. The book's discussion of the alliance in a wider strategic context is lucid but unoriginal, with the usual points about North Korean missiles and an increasingly assertive China. The general reader, and certainly someone unfamiliar with the "nuts and bolts" of alliance management (which forms the core of the book) might find the plethora of acronyms for international organizations, defence systems, treaties and committees mind-boggling, and the often detailed narrative comes across as rather tedious.

Nevertheless, the book is recommended as a "user's guide" for students, scholars and policy-makers interested in the internal dynamics of the U.S.–Japan alliance.

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Rethinking Geopolitics. **Edited by Gearoid O. Tuathail and Simon Dalby.** Routledge: London and New York, 1998.

This book begins with a fundamental question: "Is geopolitics dead?" The authors seem to say "yes", but the average reader will probably surmize that the answer is "yes and no". In one sense, geopolitics was never alive because its fundamental unit of analysis, the nation state, is a contested concept, a "forging" of heterogeneous histories and struggles. "Critical geopolitics", on the other hand, is supposed to offer a necessary "counter-narrative". It seeks to move beyond conventional inter-state relations to a discussion of the boundaries of the state. Critical geopolitics is all about "maps of meaning", whereas traditional geopolitics is supposed to be about "maps of states".

Yet, in another sense, one cannot say that what is constructed is somehow not true (or true enough), for durability has a power of its own. Nor can one say that geopolitics ignore the boundaries of the state, whether we discuss the revolutions of 1848, or Kosovo. It is therefore difficult to accept the straw-man conception of traditional geopolitics

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shared by the authors in this collection. They take at face value Foucault's claim that geopolitics was the subject of those interested in "the right disposition of things so as to lead [the] convenient end" of a more powerful state. From this assumption, they conclude that all traditional expressions of geopolitical concerns belie a deeper or hidden truth.

The road to their truths is difficult, for the counter-narrative at times seems more like theatre of the absurd than "critical analysis". The editors tell us that the Cold War "provided strategic élites with a discourse that they could instrumentalize to further their bureaucratic careers within the military-industrial-academic complex created by the Cold War. It provided political leaders with scenes for demonstrating hardheaded statesmanship, comforting and easy applause lines, and a workable model of 'gamesmanship' in international affairs. Last, but not least, it provided the public with a recognizable and gratifying fantasy story of heroes and villains fighting for the fate of the world in obscure and exotic locales across the globe".

Strategic analysts are said to be searching for "a new global drama" and "new blockbuster visions of global space" to replace the old ones. Students of "critical geopolitics", on the other hand, bring post-modern critiques, including feminist, post-colonial, and post-structuralist perspectives, to a "much broader cultural phenomenon than is normally described and understood by the geopolitical tradition of 'wise men' of statecraft". They eschew such problems as "the expansion of NATO, the problem of failed states, the geopolitics of finance, or the regional impacts of globalization". Rather, they focus on "the conditions of possibility of geopolitical truth, knowledge and power".

One never quite gets there. Nonetheless, it is worth getting beyond the grand claims, questionable dichotomies and incredibly ponderous language to some thought-provoking chapters. The best works in this volume blend into their stories an attention to context and facts, as we traditionally understand them. James Derian writes a humorous travelogue, noting the close links between military, business, and popular uses of simulation technology. He suggests that the U.S. military, and perhaps society at large, is increasingly unable to distinguish between fantasy and reality. One wishes for a harder pursuit of the implications, although the wit almost makes up for its absence.

Kim Rygiel explains how the Turkish state constructs a Turkish identity and regulates Kurdish identity. Quite helpful is a concise recent history of relevant laws and an analysis of how women challenge the boundaries of both constructed and regulated identities. Rygiel concludes that social scientists "need to rethink geopolitics to find a more peaceful way to live with difference". It would be helpful to

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explain the aims of the Kurdish, the Turkish, and Iraqi leaders, and how precisely these clashing visions could be overcome. In other words, a bit of traditional geopolitics is helpful to reach conclusions that may form a basis for action.

A provocative essay by Marcus Doel and David Clarke seeks to explain why the Nazis killed Jewish workers despite an acute labour shortage, and the need for rail and other resources for the war effort. They argue that a foreign policy of *Lebensraum*, essentially the domination of physical space, cannot be understood without regard to *Entfernung*, or the assertion of a "particular configuration of cognitive, moral and aesthetic codes" on that geographical space. The authors' excursions into the Derridian concept of "seriasure" and into pop psychology are less helpful than would be a connection to the great body of historiography on the case, but the argument is provocative.

Timothy Luke writes on the inter-citizen relations of "Cyberia", or society in the cyberspace age. He asks whether the traditional state as we know it (the "atom-state") will be replaced by the "bit-state", and the resulting implications. "Netizens" cannot be bombed and do not have hard assets that they can lose. They may also have liberties and loyalties that are separate from their physical world. While these questions have been asked before, Luke writes about them in a lively fashion. He concludes that we are on Bill Gates' "road ahead".

Some applications of critical geopolitics are good stories but in the end less rewarding. Jouni Hakli describes how maps, spatial analysis, and statistics are used to represent and redraw provinces in Finland, which in fact are more varied than suggested by these symbols. Paul Routledge describes the Zapatistas' savvy use of the media. Matthew Sparke explains how Timothy McVeigh, the infamous homegrown American terrorist, channelled feelings for external enemies into imagined internal ones. None of this seems particularly surprising, which is why the authors occasionally stretch their interpretation of the facts. Sparke finds deep meaning, for example, in the word "patriot" being attached to an anti-missile system, a militia group, and various endeavours in popular culture.

Similarly, James Derrick Sidaway traces the "creation" of the Persian Gulf as a vital geostrategic entity for the United States. This reminds one of a presentation by a famous political scientist arguing against U.S. prosecution of the Gulf War. After an eloquent argument, an elderly veteran of the peace and anti-nuclear movements rose to ask, "But surely he can't be allowed to control all that oil or weaponry?" Critical geopolitics needs to confront directly the alternative explanations that are considered as mere constructs but which are in fact based on real concerns. The work of John Lewis Gaddis, on similar

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constructions of geostrategic concepts from the 1950s and 1960s, is superior precisely because it addresses the intellectual, bureaucratic, and international sources of those conceptions, which together allow for some evaluation of their utility or disutility.

Least convincing and provocative are treatments of popular culture. Klaus Dodds provides a nice critique of the work of British cartoonist Steve Bell. But his assertion that Western leaders "enframed" Bosnia merely as "a question of possible military intervention" — thus reducing the moral dimension of the problem — is highly questionable and does an injustice to the debate in many countries. Joanne Sharp's generalizations, based on a few macho American movies, are equally questionable. The author might have used better movies and included some historical context. Long ago, for example, those icons of American malehood, Burt Lancaster and Kirk Douglas, starred in great movies (*Go Tell the Spartans* and *Paths of Glory*) that illustrate the complexities of principle and statehood. Finally, only the most die-hard post-modernist will want to wade through Anders Stephanson's (disconnected, disjointed) "fourteen notes" on the concept of Cold War.

Another category of enlightening contributions comprises those that review literatures on culture and identity. Simon Dalby's concluding chapter is a clear description of recent attempts to use and refine both concepts in comparative and international relations analyses. Carlo Bonura, Jr., effectively dissects the 1960s work on comparative political culture that placed a culturally-biased template on the populations of various Western states, thereby explaining away "unsettled and ambiguous" senses of identity.

One wonders whether that is always, and in all ways, a bad thing. In the final analysis, the authors do not collectively or individually come to terms with the problems of different identities sharing space, nor do they even share their opinions on the practical implications of their analyses. Critical geopolitics, then, questions the relationship between geographies and identities, but offers neither answers nor paths to the future — nor, even, debatable opinions on the desirable conceptions of that future.

Perhaps this application of post-modern theory to international relations has served the purpose of showing that sovereignty and identity are constructed. But this would hardly enlighten most world leaders or foreign policy practitioners — or even traditional analysts. What is built, must be dealt with.

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***Statecraft and Security: The Cold War and Beyond*. Edited by Ken Booth.** Cambridge: Cambridge University Press, 1998. 358pp.

This book, written from a liberal perspective of international relations, seeks to identify a way out of the Cold War logic of structural conflict and to identify new developments and trends affecting inter-state relations which necessitate increased co-operation. While statecraft still defines the agendas and conduct of the business of global politics, the decisions of policy-makers are influenced by a multitude of factors which require a notion of security much broader than that which prevailed during the Cold War.

Consequently, Part I, of three parts, examines the history of the Cold War with a critical eye in order to distill the lessons of this period. Ned Lebow and Janice Stein expose the fallacy of nuclear security. The capitalist West (the United States) may have won the Cold War but at what cost? Did the world not come close to destruction of humanity on many occasions? Ken Booth's "Cold Wars of the Mind" examines the different meanings of the Cold War and urges us not to forget the "real" Cold War. Amid Western gloating over its "victory", Booth finds "a profound unwillingness to remember and internalize the potential costs of superpower Armageddon — nuclear amnesia". If we live simultaneously in the past, present and future, then these lessons must be internalized and become part of an "honest" history. Such a history might reveal Raymond Garthoff's contention that the start of the Cold War was not the result of structural confrontation between powers in an anarchical world, and the end, as a result of internal collapse, came "in spite of" Western pressure and not because of it. Opportunities for co-operation were perhaps missed by the superpowers based on a misreading (contrived or not) of each other's intentions.

The resulting nuclear deterrence theory is the object of criticism through an analysis of "A Cold War Life", that of Michael McGwire, an analyst of the Soviet Union whose career spanned the British intelligence service, academia, and Washington policy-circles. He consistently argues for a realistic assessment of Soviet politics, intentions, and capabilities. The pursuit of nuclear deterrence, then and now, is a chimera since it cannot be stable with two superpowers, let alone multiple players. A world of several active nuclear players is one in which a nuclear attack somewhere, at some time, is virtually assured. Those who formulated the theory had very little knowledge of the Soviets. Theoretical explanations should be based on sound empirical analysis, rather than the other way round — facts should not be made to fit theory. A "honeymoon" period at the end of the Cold War offers the chance to break away from Cold War deterrence thinking.

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However, the remaining superpower, the United States, has not yet demonstrated the kind of leadership necessary to transform the international political structure, according to John Steinbrunner in Part II, which examines powers — the United States, Russia, Europe, Japan, China, and middle powers — and their policies. For him, the United States is stuck in the Cold War mode in terms of military posture and ways of thinking about the world. Two changes in particular – information technology and unprecedented growth in world population — require novel thinking about the international system to solve problems such as unemployment. Wealth will have to be shared more equitably to avoid civil disorders, one of the most pressing problems. The United States seems not to have the will nor the stomach to intervene in every case of internal disintegration.

The problem of disintegration is most evident in Russia, which is the object of much discussion in this section. Chapters by Oles Smolansky and Karen Dawisha analyse Russia over a longer historical period. For the former, the seeds of a new political system have been planted in Russia which will help it to escape from its past. The old Russia — authoritarian, under the sway of the Orthodox church, the secret police, the bureaucracy, corruption, and nationalism – was not destroyed in 1917, but there is unlikely to be a return to authoritarianism. In matters of foreign policy, both authors point to the legitimate security interests in Russia's perceived sphere of influence, the "near abroad" — the newly independent states which were once part of the Soviet empire. For Dawisha, the will for traditional imperialism (the quest for territory) is not evident, but Russia will dominate this Eurasian space for security and economic reasons. The challenge for the states of the "near abroad" is to foster economic interdependence with Russia to avoid "autocolonization".

Such interdependence continues unabated in Europe, which defies neo-realist doom-and-gloom predictions of fracture. Europe has not descended into power politics but continues to experiment with deeper integration. Neo-realists erroneously assumed that European Union (EU) unity was a product of the Cold War (rather, it was a cure for Franco-German rivalry), that the United States will abandon the European continent (it remains despite domestic opposition) and that Western European governments will revert to balance of power policies. While the EU is not yet a complete international actor, Robert O'Neill notes that it has international concerns — the development of international law, the control of weapons of mass destruction, and the promotion of human rights and democracy.

Co-operation seems to be the hallmark of East Asian international politics and, in particular, as Geoffrey Hawthorne notes, of Japanese

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foreign policy. What matters most to a Japan constrained by consensus decision-making is economic success, for which co-operation is necessary. But Japan, like the rest of East Asia, will no longer show the same deference to the West as relations converge on a more equal footing. China is the power most capable of challenging American hegemony in the international system in the future. But does it mean that a new Cold War will emerge? Michael Cox's answer is no. Following McGwire's example, he calls for a realistic assessment of Chinese intentions and capabilities. Worst case scenarios may be exaggerated in the light of the following: the existing power projection capabilities of China are inadequate, its leaders have embraced elements of capitalism, it is engaged in multilateral security co-operation in the Asia-Pacific, it is keen to join the World Trade Organization, and the United States is keen to tap China's markets.

The United Nations comes more into focus in the final chapter of Part II. Denis Stair examines the ambiguous concept of middle powers (such as the Netherlands, Belgium, Ireland, Poland, India, Canada, Australia, and the Scandinavian countries), which by necessity must rely much more on collective means to achieve security and other goals. One possibility for a more effective contribution to international peace and security is that they could act constructively together in preparing for international peacekeeping and peacebuilding operations of the United Nations, as the demand for its services seems to be increasing.

The liberal bias and the need to rethink Cold War concepts of security comes out clearly in the final section. International peace and security in the twenty-first century demands a reformed and revitalized United Nations, according to Barry Blechman in his opening chapter of Part III ("Resistances and Reinventions"). Economic interdependence, technology diffusion, global audience, and supposed emerging shared values are "leading to a structure of international politics far different from that which characterized the twentieth century". For Blechman, there is an "accelerating tendency for countries to work together on international problems, and the United Nations is seen as the most effective instrument to co-ordinate efforts at dealing with global problems and to counter the hegemonic aspirations of powers.

Anthony Giddens' discussion of a "post-scarcity" society creates a bridge between the international and domestic dimensions. More specifically, he shows how this influences our everyday lives and the choices we make. He introduces the notion of lifestyle bargaining, which "involves the establishing of 'trade-offs' or resources, based upon life-political coalitions between different groups". For Giddens, "we always have possibilities of individual and collective choice — this is the very core of life politics .... We can try to use whatever choices we

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have in a fruitful way". Choice is also the core theme of Philip Alott's penultimate chapter. He examines the myth of the concept of human nature, which requires us to believe in "a second self which is a universal self", or an instinctive self. Since we are constantly creating the past as we make the future, the latter need not be held prisoner to the myth of an unchanging human nature. "We are what we choose to be". In conclusion to this wide-ranging book, Ken Booth discusses three crucial aspects of global transformation — globalization, global governance, and global moral science. The last asks whether dominant ideas of the past are sufficient to answer questions for the future.

A minor critique of this work is the exclusion of India and Latin America, or one of its major constituents. Collectively and individually, these countries are having an impact on the international system, which is not negligible. While UNICEF's Geoffrey Hawthorne rightly points to the need for a more collaborative spirit in helping Africa to face many challenges, which cannot be ignored, its inclusion in a discussion of "powers and policies" is incongruous.

Overall, this work should be required reading for students and theorists of international relations. Its multi-disciplinary approach and the inclusion of the policy-maker's perspective into the overall analysis makes for a more holistic analysis of the increasing complexities of international relations. The attempt to incorporate the everyday lives of people into the broader picture of global events is an endearing quality of this book.

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Indonesian Politics in Crisis: The Long Fall of Suharto, 1996-98. **By Stefan Eklöf.** Copenhagen: Nordic Institute of Asian Studies, 1999. 272pp.

When Soeharto abruptly resigned from the presidential office and passed the sceptre to B. J. Habibie on the morning of 21 May 1998, even Soeharto's harshest critics were a little stunned that the tenacious old man had finally given up. Stefan Eklöf explains what happened in the long run-up to that fateful morning. From intra-élite machinations in the military and the regime to angry but unco-ordinated students, to

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hired thugs on the rampage, to self-important and self-appointed opposition leaders, the complex web Eklöf weaves suggests that the timing of Soeharto's fall could not have been predicted, yet was virtually inevitable. The fault lines that emerged by 1996 had become unbridgeable fractures by mid-May 1998. Once all the various players had cast their lot and declared their loyalties, Soeharto was left alone and beleaguered, with no real choice but to ensure his safe passage and concede defeat.

The text takes the form of an unravelling sequence of conspiracies and conspiracy theories. Throughout the book, the ever-present language of grand and minor conspiracies might test our credulity, except that, as Eklöf explains, these theories not only hold great sway, but were and are sometimes very real.

For much of the New Order period, a propitious mix of Javanese mythology, patronage, factionalism, Islam, legal structures, and repressive political rules allowed Soeharto to ensure the continued aggrandizement of his family, friends, and self. However, Soeharto's manipulations began to backfire with the conspiracy to depose Megawati Soekarnoputri as head of the Indonesian Democratic Party (PDI) in June 1996 since she posed at least a symbolic challenge to the presidency. When Megawati's supporters demonstrated in Jakarta in late June, "unidentified people in black" (p. 38) started throwing stones, provoking the security forces to attack the thousands of protesters. Then, on 27 July, as Megawati and her supporters occupied the PDI headquarters in Jakarta, again some provocateurs started throwing stones, sparking off what eventually became a riot. As Eklöf describes, the whole thing was supposed to look like a showdown between rival supporters of Megawati and her successor in the PDI, Suryadi. However, the all too obvious hand of senior government and military officials in the events tarnished the image of the regime and eroded its already shaky democratic credentials, while revealing the social and economic discontent brewing among the urban poor.

Then, there was the conspiracy against Nahdlatul Ulama (NU), the world's largest Muslim organization, headed by Abdurrahman Wahid. This effort took the form of attacks on churches and rioting in late 1996 and early 1997. While underlying ethnic and religious tensions were no doubt involved, the government placed the blame with the *ulama* — namely, the NU and Abdurrahman — for failing to control their communities. While various élites pointed fingers, Abdurrahman claimed that the riots were engineered by the rival Association for Indonesian Muslim Intellectuals (ICMI) as part of a "green dragon operation" to force him to resign. This operation was supposedly co-ordinated with the successful "red dragon operation" to oust Megawati

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from the PDI. What made these seemingly far-fetched conspiracy theories more plausible was that once Abdurrahman met with Soeharto's daughter, Tutut, offering her an entrée into NU areas for the ruling party Golkar, "Perhaps by coincidence the religious riots in NU areas stopped" (p. 65). A recurrent conspiracy theory among the repertoire Eklöf cites for all the riots, too, was that the armed forces (then known as ABRI) had an interest in keeping up the public notion of latent and perennial threats to national security and stability, hence justifying its own strong role and repressive tactics.

Less convoluted was the regime's way of quelling opposition in the run-up to the 1997 general election and the 1998 presidential election. First, in the preceding year, over a dozen activists were given long prison terms on political charges. The 27 July 1996 riot at the PDI headquarters was then just a clean-up action against the rest of the pro-democracy activists, student leaders, and critical non-governmental organizations. These tactics effectively forced the opposition underground or inside university campuses. With the help of debilitating electoral rules, the engineered split in the PDI, some questionable discrepancies between provisional and final vote counts, likely vote-buying and similar shenanigans, and a dose of "gratuitous and exuberant violence" (p. 83), Golkar won handily. Here again, however, there was a sense of "overkill", given the visibility of manipulative tactics and the fact that the extent of Golkar's win was just a bit too implausible.

Next were all Soeharto's manoeuvres to get International Monetary Fund (IMF) aid without having to implement any real economic reforms, or at least none that would disadvantage the people close to him. Try as he might, Soeharto could not regain the confidence of the domestic or international business community, nor could he lessen the blow as unemployment, poverty, and hunger swelled. Deflecting attention from the government's handling of the crisis was news of a purported grand conspiracy to destabilize Soeharto, supposedly launched by the Center for Strategic and International Studies (CSIS), the Democratic People's Party (PRD), and some student organizations, backed by the CIA, the Vatican, Israel's Mossad, overseas Chinese, and the IMF. With an opposition coalition in the works among Amien Rais, Abdurrahman and Megawati, and the rupiah plummeting after presentation of the government's budget, a bomb exploded in a Jakarta apartment on 18 January 1998, which was publicly blamed on individuals linked to the CSIS and its supposed cohorts. Thus began a scapegoating campaign against ethnic Chinese, especially those among the business élite. Apparently on the initiative of sections of the military, including senior officers, and with backing from radical

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Muslim groups, the campaign relied upon a spate of rioting and looting in various cities, particularly in northern Java.

Indeed, rioting and violence factored heavily in the repertoire of conspiratorial tactics. Shortly before and after Soeharto's March 1998 re-election as President, student protests mounted on virtually every campus, while a number of activists were abducted and tortured by the military. By early May, the combination of a difficult social and economic situation and "conspiratorial politicking among the élites" (p. 175) resulted in a surge of violence across various cities. Riots were purportedly provoked by co-ordinated gangs of provocateurs who strove to get students on the streets and led the crowds to attack Chinese shops, while security forces remained more or less passive. While the government's fact-finding team on the May riots could not establish an iron-clad connection linking the military to the violence, they did find plentiful support for such a connection, which was seemingly planned to create enough chaos to justify a crackdown, to discredit particular rival élites in the government or military, or just to drive the Chinese away so that their assets could be redistributed. Ultimately, however, these actions left an image of a vulnerable president and manipulative regime, while doing little to address the economic crisis and heightening social, religious, and ethnic conflicts both among élites and in the society at large.

The whole process related by Eklöf sounds somewhat path-dependent and inevitable, but that is probably to be expected of a retrospective account of cataclysmic events. What Eklöf does explain is when the political and economic tides changed — *when* Soeharto was doomed. Moreover, Eklöf is careful to consider the dynamics between events, putting these conflicts in context and teasing out the institutional and personal issues at their root. Importantly, Eklöf manages to look at both the élite and mass levels, as well as factions within each, highlighting the complex, and perhaps less than voluntary, interactions across strata — contemplating, for instance, the critical question of whether the gung-ho, idealistic students "had been exploited as pawns in the political manoeuvring among the élites" (p. 218) — and assessing the relative contributions of different actors to events.

As these tales of plots and counter-plots suggest, information was the key to Indonesia's transformation. Indeed, what makes this text particularly valuable is Eklöf's use and evaluation of available data. He draws upon an impressive array of local and foreign media, reports of official and non-governmental fact-finding missions or investigations, and apparently a quite diverse stock of interviews, spanning regime figures to student activists. The footnotes provide a subtext well worth

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reading, interrogating various sources to determine the most credible story and discussing the limits to what could possibly be verified, given all the back-room politicking and undercover operations. This approach allows Eklöf to cut through mere rumours or at least identify when a piece of information never progressed beyond the status of unvalidated rumour.

Certain factors do, however, seem conspicuously absent from the account. First, Eklöf's account is largely Java-centric, and makes Indonesia sound quite unitary. Perhaps he could have touched also on the separatist tensions so crucial in certain regions, although admittedly, doing so may have presented unwieldy tangents. More significantly, Eklöf remains noticeably hesitant to evaluate just how deep racial and religious tensions run. Sometimes ethnic violence is presented as just the work of provocateurs — at odds, for instance, with the festive, non-hostile mood in Solo — though presumably it was not just a few perfidious élites who resented and coveted the purported wealth of the ethnic Chinese. Surely from his interviews or investigations, Eklöf must have developed some idea of how well all the racist goading sat with the masses, and how the people who joined in the destruction of churches and Chinese-owned shops felt about ethnic and religious minorities. Eklöf does not shy away from documenting just how much of the violence and destruction was targeted against the ethnic Chinese and Christians, yet grassroots-level analysis of what this trend indicated is curiously obscured by just placing these actions within the context of élite conspiracies.

Moreover, the text would have benefited from better editing. The narrative becomes a little repetitive at points, if only because there is a lot of summing up, recapping after tangents, recounting of comparable incidents in different places, and so on. Some of this repetition is perhaps unavoidable, as with the refrains of the deepening economic crisis, that security forces did little to quell riots, or that protests continued to spread, but the rest could have been streamlined.

Overall, however, these flaws are relatively minor, and do little to detract from a compelling and highly informative account. While of particular interest to Indonesia or regional specialists, the book also sheds light on issues of regime change and the factors involved in toppling authoritarian structures more generally, and hence could inform more theoretical work in political science.

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***Authority Relations and Economic Decision-Making in Vietnam: An Historical Perspective*. By Dang Phong and Melanie Beresford.** Copenhagen: Nordic Institute of Asian Studies, 1998. 117pp.

On 2 September 1945, Ho Chi Minh declared Vietnam's independence and established the Democratic Republic of Vietnam (DRV). *Authority Relations and Economic Decision-Making in Vietnam* gives a broad overview of the transformation of the economic decision-making process by the Vietnamese state from 1945 until the late 1990s. This short 117-page monograph will appeal to the specialist. It offers new insights that are based on the career of Dang Phong, one of the co-authors. Indeed, the preface states that he provided "much of the primary source material for this essay" (p. 8).

Dang Phong is a graduate of the University of Hanoi. He joined the Institute of Economics in 1960 and eventually rose to become head of the Department of Economic History. He then worked as a journalist during the Vietnam War and, after its conclusion, served briefly on the Committee for the Transformation of Southern Commerce and Industry. After this, he worked with the Government Price Committee before rejoining the Institute of Economics. Dang Phong is currently Dean of Economics at the Hanoi University of Business and Management. Remarkably, he is not a member of the Communist Party of Vietnam (CPV).

The co-authors begin their analysis by dismissing the conventional framework of analysis employed by Western political scientists based on the "totalitarian" or "bureaucratic authoritarian" models. Dang Phong and Beresford argue that to understand the role of the state in economic transition it is first necessary to understand how the political system works. "The best way to achieve this", they write, "is to treat the Vietnamese political system as a normal one in which the objectives and understanding of the issues by leading personalities, competition for leadership positions, advocacy of particularistic goals of social and state institutions, hierarchical processes and expressions of interest by various social groups, all have a role to play" (p. 11).

The co-authors divide the five decades from 1945 into three periods: the establishment of DRV institutions, 1945-55; the party-state, 1955-86; and high reform, 1986-present (*circa* 1997). The first period is sub-divided into three phases during which state involvement in economic market regulation gradually increased until it became dominant. During the third phase, Vietnam instituted a system of proletarian dictatorship best exemplified by the land reform campaign of 1953-56. The co-authors attribute the shift to direct state intervention in economic life to "international influences", by which they mean

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China and Chinese advisers (pp. 24-25). The co-authors conclude by arguing that the CPV played an "arms-length role" in the decision-making process and in establishing authority relations (p. 28).

The second period of development is characterized as one of "partification of the state" and "statisation of the economy" (p. 33). The authors note that in Vietnamese usage the party is clearly distinguished from "the state", whereas in Western academic discourse on Vietnam "the state" includes the party among its constituent parts (p. 46). During 1955-86, the state increased its ownership and control over the means of production and instituted a system of central planning. Agricultural production was collectivized, and party resolutions now dictated the operations of government and administration. Chapter 2 contains a useful overview of the party's machinery, including the Politburo, Secretariat, Central Committee, and specialized committees. This chapter also discusses the nature of party–state relations in terms of "reciprocality", that is, the overlap of structures and personnel (pp. 49-51). The co-authors conclude that in the 1980s there was a marked shift in the composition of groups to whom party leaders looked for the development of policy initiatives (p.79). Nevertheless, decision-making remained a top-down process.

The final period, one of high reform, covers developments from the adoption of "renovation" as the official policy to the eve of the Asian financial crisis in mid-1997. Here, the co-authors argue that there was a relative retreat of the party from economic life, with decision-making power shifting to the legislature. Once again, the party adopted an "arms-length" approach to economic management, preferring macroeconomic instruments and rule by law. As a result of reform efforts, the market mechanism became entrenched and a shift towards the "democratization of power" took place (p. 88). The co-authors analyse the withdrawal of party organs from the daily work of government ministries and the decline in the number of central-level party supervisory committees. The end result, they argue, is that the National Assembly acquired more real power and carried out a more substantial work programme than previously. In brief, the political process had become institutionalized and internal, and secretive party deliberations have been replaced by public and formal ones (p. 96).

The final chapter, entitled "Concluding Remarks", recapitulates the main arguments in the book. It makes the important point that the process of "statisation" has led to a shift in the balance of power to the government and legislature (p. 104). This process has had two important implications. First, it has resulted in the strengthening of Vietnamese society. Secondly, the national leadership can no longer rely on prestige acquired in the early years of revolutionary success as

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the basis for its legitimacy. Despite the "democratization" of party-state-society relations, the co-authors conclude that the CPV will continue to play a dominant role in economic decision-making and the political life of Vietnam.

Authority Relations and Economic Decision-Making in Vietnam contains a number of new and intriguing insights into Vietnam's political process which specialists will long debate. For example, the co-authors quote Central Committee member Hoang Tung for their assertion that Ho Chi Minh opposed the 1950s land reform but was overridden by a majority of his colleagues (p. 25). As mentioned, the co-authors stress the importance of Chinese influence in pushing Vietnam down the path of "proletarian dictatorship", but they are silent about which personalities in Vietnam bear responsibility for the excesses of the land reform. An insider like Dang Phong must surely have some views on how many perished in what he and Beresford term "a rather heavy political purge" (p. 25).

The co-authors' assessment of Party Secretary Le Duan will also stimulate debate. According to their judgment, Le Duan was not as dictatorial or arbitrary as he has been portrayed (p. 42). Indeed, in their view, Le Duan was the father of the reform process itself because he was the person who appointed reform-minded individuals to the party Central Committee in 1976. The co-authors assert that Le Duan frequently missed Politburo meetings and preferred to consult with small technocratic working groups. They point to the sinister role of Hoang Van Hoan, a Chinese agent in all but name. According to their account, Hoan reported all Politburo deliberations back to Beijing. Le Duan had to adopt the ruse of sending Hoan to China so that the Politburo could meet and make substantive decisions without his presence (pp. 40-42). The co-authors correctly argue that as Le Duan's prestige declined in the 1980s, so too did his authority and the popularity of the CPV. Finally, this reviewer takes issue with the co-authors' use of the term "democratization", rather than "liberalization" or "pluralism", to describe the institutionalization of the political process in Vietnam as a result of the reform process.

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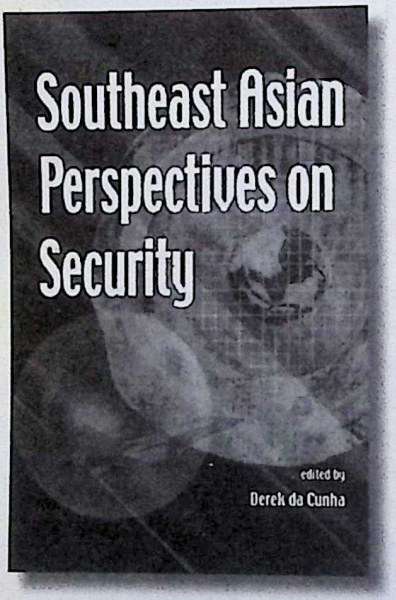
Forthcoming

SOUTHEAST ASIAN PERSPECTIVES ON SECURITY

Derek da Cunha, editor



The conventional understanding of strategic issues in the modern world has been very much a Western-driven phenomenon. That is to say, Western strategists, thinkers and writers have tended to establish the principles of strategic concepts, and to develop theories around them. While there is utility in much Western strategic thought, it is also apt to note that some of it does not have full relevance or validity when applied to a regional setting that is far removed from the geographical boundaries of the Western world. In that connection, this volume is partly intended to serve as an antidote to much of the Western commentary on Asia-Pacific security issues. It offers a range of Southeast Asian perspectives on the multifaceted security issues that confront the Asia-Pacific region in the post-Cold War era. That there is no unitary perspective emanating from the region is symptomatic of the very fluid geopolitical situation that characterizes Asia-Pacific security, and, of equal import, the different schools of thought that analysts in the region have chosen to subscribe to.

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The Strategic Significance of the Mekong

MILTON OSBORNE

Despite its size, the Mekong River has not played a unifying role as have other great rivers such as the Nile in Egypt or the Yangtze in China. Flowing by or through six countries (China, Myanmar, Laos, Thailand, Cambodia and Vietnam), the Mekong is nevertheless vital to Southeast Asia's ecology. However, efforts to make it a route for commercial navigation have been largely unsuccessful. Perhaps best known for the wars fought in its delta in the post-World War II period, the Mekong is now a focus for concern on the part of downstream countries as China embarks on a major dam-building programme in Yunnan Province. Will these dams have damaging effects on the river's vital role as a source of fish and carrier of silt that aids horticulture and agriculture?

Introduction

It is a striking fact that the Mekong River, the longest in Southeast Asia and the twelfth largest in the world, remains remarkably little known to those who do not live by its banks. The reasons for this state of affairs are complex and reflect both distant and relatively recent history. Unlike several of the other great rivers of the world, including the Nile and the Ganges, European knowledge of the Mekong remained extremely limited until the second half of the nineteenth century. For it was not until 1866–68 that the river was first explored in a scientific fashion by a French expedition hoping to find that it could be used as a navigable route into China.[1] Before that expedition took place, there was no European knowledge of the Mekong's course above Vientiane,

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the modern capital of Laos. Neither was there more than the sketchiest awareness of the great Angkorian civilization which had flourished in Cambodia between the ninth and fifteenth centuries, and which was vitally linked to the Mekong River system. A notable contrast to this situation was the knowledge that had long been held in Europe of Egypt and the Nile as one of the great sources of Western culture. Emphasizing the manner in which much about the Mekong has remained mysterious and unknown to the Western world is the fact that its source was only finally pinpointed in eastern Tibet as recently as September 1994.[2]

"Mother of the Waters"

With the location of its source, it is now possible for the first time to write confidently of the Mekong's length as being 4,800 kilometres. It rises in the Rupsa-la Pass of eastern Tibet at a height of 5,100 metres before dropping sharply as its course runs through China's Yunnan Province. Approximately half of its length is located in China and by the time it finally passes out of Chinese territory it has dropped a dramatic 4,500 metres from its height at source. Running between Myanmar and Laos, the Mekong then reaches the tri-border region of Myanmar, Laos, and Thailand, the point popularly but inaccurately referred to as "The Golden Triangle". At this stage, the river has only a further 500 metres to fall before it reaches the South China Sea, but it still has 2,000 kilometres to run as it continues past Thailand, through Laos and Cambodia and, finally, Vietnam.

Over its great length, the river has many names. Its best known is a contraction of the Thai name for the river, Mae Nam Khong, or "Mother of the Waters". Given the role the Mekong plays as a rich source of fish and of water for irrigation throughout its course in Southeast Asia, the name is fittingly chosen. Its drainage basin encompasses 795,000 square hectares, and because of the river's existence it is possible for the peasants of the Mekong Delta in Vietnam to grow three crops of rice a year. As a result of the enormous volumes of water that flow down the Mekong, one of nature's most unusual events takes place annually in Cambodia. During the rainy season, so much water flows down the Mekong that when it reaches the Cambodian capital of Phnom Penh, the water backs up into the Tonle Sap River, the tributary linked to Cambodia's Great Lake, thus reversing the direction of the river flow during the dry season. For a brief period at the end of the rainy season, the waters of the Tonle Sap stabilize. Then, suddenly, the flow reverses again and rushes towards Phnom Penh. As it does, the river carries with it a huge quantity of fish that have bred in the lake during the wet season. Fish caught in the lake itself or in the Tonle Sap River at the

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time of its flow reversal make up no less than 60 per cent of the Cambodian population's annual protein intake.[3]

Yet while the vital importance of the river as a source of food and irrigation is readily demonstrated, it is at the same time a "contradictory" river. For despite its great length and the amount of water that flows through it, the Mekong has never become a major navigable route. Hopes that this could be the case were dashed when the results of the French expedition's exploration in the 1860s were made known. At the very beginning of their journey up the river, the explorers encountered a major set of rapids at Sambor, near the town of Kratie. After that, they came to the great natural barrier of the Khone Falls, close to the border of modern Cambodia and Laos. These falls could only eventually be overcome by building a seven-kilometre-long railway to tranship goods and passengers from the calm water above and below the falls. Repeated rapids in Laos mean that the size of the boats able to navigate the river was severely limited. As the British Naval Intelligence Division's *Handbook* for Indochina, published in 1943, noted, a journey on the Mekong from Saigon to Luang Prabang took 37 days going upstream and 27 days going downstream, in both cases longer than it took a ship to steam from Saigon to Marseilles.[4] The existence of natural barriers and the impediments these place on easy navigation of the river underline the extent to which the Mekong has until very recently failed to play a unifying role for the countries that lie along its course.

A Long Strategic History

The problems associated with navigating the Mekong have not meant that it has lacked in past strategic significance, whether "strategy" is conceived of in strictly military or in more general political, social, and economic terms. The rise to power of the Angkorian empire located close to Cambodia's Great Lake, an essential element in the Mekong River system, undoubtedly reflected the selection of a site removed from easy access by an enemy along the river's mainstream. Possibly of greater importance was the bounty of fish that could be taken from the Great Lake to feed a population which, at the height of Angkor's power, probably exceeded one million. Additionally, although this is an issue that has still not been fully resolved, there is a strong body of opinion that believes that a system of "retreat irrigation" linked to the Great Lake enabled the population of Angkorian Cambodia to grow the large quantities of rice it required to sustain itself.[5]

In post-Angkorian Cambodia, the Mekong was the essential route used by Iberian missionaries, traders and adventurers in the second half of the sixteenth and early seventeenth centuries, as well as providing a

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link between a much weakened Cambodian state and the temporarily powerful Lao kingdom centred on Vientiane.[6] Later, in 1658, the Mekong provided the means for a large Vietnamese military force to travel up the river and capture the Cambodian capital of Udong, a little north of modern Phnom Penh. The already weakened Cambodian state never really recovered from this devastating attack, so that it was an easy prey, two centuries later, for France's colonial expansion, which began in southern Vietnam but eventually came to embrace the whole of modern Cambodia, Laos, and Vietnam as French Indochina.

Although the French Mekong expedition of 1866–68 revealed the difficulties in the way of any effort to turn the river into a major navigable route for commerce, France as a colonial power in Indochina persisted in using the Mekong as a less than satisfactory means of transporting goods and people. Moreover, in the period of intense imperial rivalry that marked the closing decades of the nineteenth century, the Mekong became a key feature in France's determination to counter the expansion of British interests in Southeast Asia. By the 1890s, French politicians had taken to referring to the Mekong as "our river". The authorities in Paris and in Indochina were determined that French control should be unchallenged on the Mekong itself. Moreover, survey missions under the redoubtable proconsul August Pavie sought to determine where pre-colonial boundaries of influence lay on either side of the river with the hope that these could be exploited in France's favour. With the exception of some minor incidents that involved direct armed confrontation between French and Siamese forces in southern Laos and a minor instance of "gunboat diplomacy" in connection with the northern Lao state of Mong Sing, the rivalry of the two European powers as it related to the Mekong was settled peacefully.[7]

The Mekong Delta, Cradle for Revolt

When the French first established themselves in southern Vietnam in the 1860s they gained control over an area that had only recently come under firm Vietnamese sovereignty. Because of this fact, much of the Mekong Delta was still not under cultivation. In succeeding decades, increasingly large areas of the delta were brought into production as a result of major drainage works and the construction of canals. Contrary to French intentions, the beneficiaries of this expansion of agriculture in the delta were not a new group of European colonial landholders along the lines of what had occurred in Algeria but were instead a new class of land-rich Vietnamese. By the post-World War I period, these landholders had earned a deserved reputation as uncaring exploiters of their tenant farmers and day labourers. While general histories of

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twentieth century Vietnam have focused on anti-colonial activity in other regions of the country — notably on the so-called Nghe–Tinh Soviets of 1930–31 in north-central Vietnam — agrarian unrest in the Mekong Delta was sustained and serious. For brief periods, both in 1930–31 and in 1941, communist-led demonstrations temporarily threatened French control in sections of the delta and were only put down through extreme force involving elements of the Foreign Legion.[8]

The First and Second Indochina Wars

To the extent there was international interest in the First Indochina War, which pitted the communist-led Vietminh against the French colonial power, it tended to be overwhelmingly preoccupied with developments in northern Vietnam. This was the region where major conflicts between sizeable opposing units took place, culminating in the epic Battle of Dien Bien Phu. Such a perspective gave only limited attention to the less dramatic but no less significant course of the war in other regions, and in particular to the events taking place in the Mekong Delta. By May 1953, only a little more than a year before the Geneva Conference brought a temporary end to conflict in Vietnam, the Commander of the French Expeditionary Force, General Henri Navarre, had prepared a war map for the whole of Vietnam showing which areas were under Vietminh control. Strikingly, important sections of the Mekong Delta were either controlled by the Vietminh or contested by them.[9] In terms of what later research has revealed about French knowledge of the operations of "counter-governments" within areas they claimed to control, it is safe to assume that Navarre's map was probably optimistic in depicting areas under French control.

Following the Geneva Conference of July 1954, it rapidly became clear that the United States' decision to support the establishment of an anti-communist state in southern Vietnam held the seeds of future conflict. It was in these circumstances that plans were conceived for the economic development of the Mekong River and its surrounding regions as a bastion against communism. The creation in 1957 of the Committee for the Co-ordination of Investigations of the Lower Mekong Basin (the Mekong Committee) was very much a child of the Cold War. Existing under the auspices of ECAFE, its members were Cambodia, Laos, South Vietnam (the Republic of Vietnam), and Thailand. United States support for it reflected the view held in Washington and expressed in a National Security Council document in 1956 that economic development linked to the river would "deny the general area of the Mekong River Basin to Communist influence or domination".[10]

With the exception of a few limited projects, the plans drawn up by

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the Mekong Committee never came to fruition as security in Vietnam steadily deteriorated. Nevertheless, an important feature of those plans deserves mention. This was the fact that the Committee envisaged the building of large dams on the course of the Mekong itself, as well as smaller dams on the river's many tributaries. The 1950s and 1960s were years when the desirability of building large dams was almost unquestioned and when, as was the case, for instance, with the Aswan High Dam in Egypt, competing major powers vied to gain political influence through financial support for dam construction.[11] In the Mekong's case, planning envisaged major dams at Sambor, in Cambodia, and at Savannakhet and Pa Mong in Laos. The social costs of these projected dams would have been high, involving the flooding of Savannakhet, the largest town in southern Laos, and the relocation of more than 250,000 people in connection with a dam planned for Pa Mong, which is a little to the north of the Lao capital, Vientiane.

Before all hope of major works on the Mekong disappeared as the Second Indochina War (the Vietnam War) gathered pace, United States President Lyndon Johnson sought to make support for the economic development of the Mekong River Basin a bargaining chip to dissuade North Vietnam from pursuing its goals on the battlefield. In his Baltimore speech of 7 April 1965, Johnson offered American support for economic development linked to the Mekong River which would "provide food and water and power on a scale to dwarf even our own TVA".[12] Linked as it was to the demand that the government in Hanoi should abandon its efforts to overthrow the South Vietnamese regime, President Johnson's offer was fated to fail. More than coincidentally, throughout the war that was fought until the communist victory in 1975, the Mekong Delta remained of major strategic importance and the scene of bitter fighting. Despite the heavy losses suffered by local communist units at the time of the 1968 Tet Offensive, the Saigon government and its foreign supporters never succeeded in achieving uncontested control over the population of the Mekong Delta. While security could be maintained in the delta's major towns, much of the countryside passed out of government control when night fell. By 1972, whole areas of the delta were under unchallenged communist control.[13]

With the triumph of communist forces throughout Indochina in 1975, development plans for the Mekong's course in Southeast Asia were temporarily stopped. Although the Mekong Committee continued to exist in a skeletal form with a secretariat in Bangkok, it was to be nearly twenty years before this body, in a changed form, emerged again to play a role in efforts to shape the Mekong's future. In April 1995 the Mekong Committee was reconstituted as the Mekong River Commission with the membership, once again, of Cambodia, Laos, Thailand, and

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Vietnam. So far, neither Myanmar nor China have elected to join the Commission.

Dams in China

Although the Vietnam War and its aftermath had put paid to plans for the building of dams on the lower Mekong, this was not the case in China. In terms of changes to the Mekong, the Chinese decision to construct large dams in Yunnan Province has been the most notable event involving the river since the 1980s.[14] China began its dam-building programme on the Mekong in 1984 at Manwan, a location a little more than one hundred kilometres south of the city of Dali in western Yunnan Province. Completed in 1993, the Manwan Dam is a high wall dam, with a waterhead level of ninety-nine metres. The primary purpose of the dam is to provide hydroelectric power for the rapidly growing industrial developments in and around Kunming, Yunnan's capital. In this regard, it has been very successful, with a capacity to generate 1,500 megawatts (MW). Major power shortages in Yunnan have largely been overcome since Manwan's generators came on line. As is inevitable with such large-scale constructions, there were human costs, even in an area that is, by Chinese standards, lightly settled. Flooding some 24 square kilometres, the dam displaced the inhabitants from 96 villages, or a total of perhaps 25,000 people, most of whom were members of minority groups rather than Han Chinese.

The construction of a second dam at Daochaoshan, downriver from Manwan, began in 1996, and it is expected that two more dams will be under construction before 2010. One will be upstream from the city of Jinghong, in the far south of Yunnan; the other, at Xiaowan, upstream from Manwan, is to be a huge reservoir with an active storage capacity of some 990 million cubic metres and a waterhead of 248 metres. It is estimated that Xiaowan's pond will stretch back 169 kilometres from the dam wall. After 2010 a further three dams will be under consideration and it is possible that another seven or eight might eventually be constructed on the Mekong where it flows through China. While the principal purpose of the Chinese dams is to provide hydropower for use in Yunnan and nearby provinces, and possibly for eventual external markets in Laos, Thailand, and Myanmar, other benefits are claimed for them.

The construction of a "cascade" of dams will, China states, have other benefits, in particular, "evening out" the flow of the Mekong. Instead of the river's height fluctuating substantially between the wet and dry seasons, it would eventually be controlled to flow at roughly the same level throughout the year. The Chinese argue that the completion

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of the dam now under construction at Daochaoshan, when combined with the completed dam at Manwan, will have a negligible effect on the amount of water flowing down the Mekong, but once a massive dam is constructed at Xiaowan it will be possible to increase greatly the amount of water flowing in the Mekong during the dry season.

The Chinese further argue that of the total amount of water that flows down the Mekong, no more than 20 per cent comes from China. Yet this raw statistic is in need of considerable qualification. Only 20 per cent of the *total* volume of the water that flows down the Mekong comes from China, but at the Lao capital of Vientiane, further downstream from China's border, the percentage is very different. At Vientiane, it is still the case that about 60 per cent of the water in the Mekong has its origins in China. Moreover, there is growing concern in Laos that, whether attributable to the Chinese dam-building programme or not, dry season water levels have been lower in recent years than was the case three decades ago. In the case of the already completed dam at Manwan, there is clear evidence that there were major interruptions to water flow in the course of the dam's construction, at one time causing the cancellation of an important water festival at Luang Prabang.

Several key questions have been raised by China's dam-building programme. Will the alterations to the Mekong's flow resulting from the dams have a serious effect on fish catches in regions of the river downstream from China? Linked to this concern, will the reduced wet season flow, and its converse, increased flow in the dry season, have a negative impact on the functioning of Cambodia's Great Lake as a prime breeding ground for the fish that make up such a large proportion of that country's protein intake? Most importantly, what sort of river could the Mekong become if the reassuring answers given by the proponents of China's dam-building programme prove to be incorrect? Apart from the issue of fish catches, it is important to note that the existing rise and fall of the river plays a vital part in the horticultural planting of subsistence farming communities along the river's course.

Posing these questions is much easier than providing answers to them. There is no doubt that some of the suggestions that have been made about the effects that have already resulted from the construction of the Manwan Dam cannot be sustained on the basis of available evidence. Yet, even if the construction of that dam has not so far had all, or even any, of the effects critics ascribe to it, negative changes are already occurring along the course of the Mekong where it flows south of the border between China and Laos and down to the Mekong Delta, and these cannot be ignored. Most importantly, fishermen in both Cambodia and Vietnam are claiming that catches have already declined compared with those of two or three decades ago.

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It has been estimated that the value of the fish catch in the Lower Mekong Basin is no less than US$800 million annually and that, in terms of weight, the catch amounts to about one million tonnes per year. Yet, beyond such broad statistics there is still much that is not known about the fish that are taken from the Mekong and its tributaries. Experts have calculated that there are no fewer than 1,200 different indigenous species of fish in the Mekong, but knowledge of the extent to which some are migratory and others not is still being accumulated. What we do know is that where tributaries of the Mekong have been dammed, as is the case with the Pak Mun Dam on the Mun River in northeastern Thailand, fish catches have declined dramatically and possibly irrevocably. While the causes may be in dispute, the fishermen of the Mekong Delta have no doubt that they are catching smaller numbers than before. They blame fertilizer run-off, increased irrigation drawing water from the river, and rising salination as tidal effects reach further up the delta from the South China Sea.

Cambodian fishermen on the Great Lake are also convinced that their catches are declining. They cite a number of reasons for this development, including an increase in sedimentation on the floor of the lake as the result of unchecked logging, where clear felling of timber means that there is a run-off of topsoil into the lake, and increased agricultural activity along the lake's shore. This increased activity has led to deforestation of regions that were not previously exploited and where, during flood time, fish breed in partially submerged forests. While much of the evidence for the decline in fish catches is anecdotal, there appears no reason to doubt the broadly correct nature of the concerns that have been expressed. Of even greater concern is the possibility that the projected "evening out" of the Mekong's flow could result in the existing annual two-way reversal of the Tonle Sap River's flow being affected in ways that cannot be easily projected. While much more research is needed to understand the nature of the fish breeding cycle in the Great Lake, it is quite clear that this cycle is inextricably linked to the flooding of the lake during the rainy season. Although rain falling in areas close to the Great Lake contributes much of the water that dramatically transforms its size during the wet season, it has been calculated that some 60 per cent of the water that brings the lake to its maximum size results from flood water coming down the Mekong, which then turns north at Phnom Penh.

In countering complaints of the kind just noted, the Chinese reiterate their position that only 20 per cent of the Mekong's volume comes from China, so that it would be wrong to be alarmist about the dams they are building. Moreover, they maintain that they are undertaking research into the effects of the dams both north and south

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of the Chinese border with Laos. This research will determine what adverse effects, if any, might result from Chinese actions, and if some findings are adverse, further research involving representatives from downstream countries will be undertaken. With research due to be completed by the end of 2000, it is important to note that such research will take place long after the completion of the Manwan Dam and with the Daochaoshan Dam approaching completion.

A Channel to Vientiane?

At various times, China has proposed to the Lao Government that, in the interests of developing commerce between their two countries, it would be desirable to create an all-season channel along the course of the Mekong from Huay Xai to Vientiane.[15] Such a channel would require large-scale blasting along the river's course as it runs through narrow gorges over much of this region, with wide and deep sections of the river alternating with shallow reaches interrupted by rapids. At present, navigation by vessels of any size between Simao Port in southern Yunnan Province and Vientiane is limited to approximately three months of the year when the Mekong is at its highest level. Despite the introduction of a cargo service between China and Vientiane in 1990, subsequent use of the river for this purpose has been intermittent at best as a result of limited opportunities for profitable commerce and the continuing problems associated with the Mekong's physical character. Mention should, however, be made of somewhat more active navigation involving the shipment of cargo from Simao Port to the small riverside port of Chiang Saen in northern Thailand. Statistics for the value and quantity of these shipments are currently not available, and personal observation suggests that both are limited.[16]

In spelling out Lao concerns about the Chinese proposal, Dr Kithong Vongsay, Chairman of the Lao National Mekong Committee, noted that the Chinese authorities had already undertaken river clearing of the Mekong north of Laos' border. Although relatively limited and involving the clearing away of rocks and sandbars, there is Lao concern that this could lead to increased river flow and so the threat of erosion. As for the broader proposal of blasting a channel through the rugged gorges along the river's course, the Lao Government regards such a proposal as quite unacceptable, according to Dr Kithong. Moreover, in terms of the limited knowledge currently existing about the fish in this section of the river, it is quite impossible to know what the results of blasting a channel might be, but it seems proper to presume that such activity would have a major and harmful effect on fish stocks.

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Protests?

In view of the issues involved, it is at first glance surprising that there does not appear to have been a more active effort on the part of Laos, Cambodia, and Vietnam to emphasize their concerns to the Chinese Government. Both Dr Kithong and, in a separate interview, Cambodia's Minister for the Environment, Dr Mok Mareth, made clear that concerns about the impact of China's dams on the Mekong had been raised. But each made the point that in the face of Chinese determination to continue their dam-building plans, their countries were resigned to the fact that it was not possible to bring about a change of policy.[17] The unspoken point involved in this situation is the vast difference in size and power between the downstream countries and China. In addition, all of the downstream countries, Thailand included, regard the maintenance of good relations with China as a key element in their respective foreign policies.

It is interesting to compare the relatively muted international response to China's actions with the very active campaign waged against the Three Gorges Dam. A partial explanation would appear to lie in the history of the Mekong itself. Unlike other great rivers, with the Yangtze as a clear example, the Mekong came late to the West's imagination. Then, more recently, it has been a river associated with unhappy memories of the Vietnam War. To the extent that there has been public protest against China's actions in relation to the Mekong, it has come almost entirely from non-governmental organizations, most notably from the Thai-based TERRA (Towards Ecological Recovery and Regional Alliance). But with China holding to a firm position that what it does within its own territorial boundaries is its own business, there seems no reason to expect that the projected dams on the Mekong will not be built. Since this is so, it does not seem alarmist to conclude that there is a very real possibility that in the relatively near future there could be major environmental problems for the countries on the lower Mekong. These will be problems that will be impossible to reverse short of demolishing the dams that China has built.

Tributaries, Hydropower, and Water Diversion

While the most dramatic elements of water politics are those associated with the dams China is building, there are other issues linked to the Mekong that warrant discussion in a review of its strategic importance. For what is involved is in large part a broad debate about how best to improve the economic lot of developing countries, including through bilateral and international aid programmes. The most important and current of these are the controversies associated with dams that have

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been built or are projected to be built on the Mekong's tributaries in Thailand and Laos. Mention has already been made of the Pak Mun Dam on the Mun River in northeastern Thailand. Begun in 1991 and completed in 1994, the Pak Mun Dam remains a subject of considerable controversy. It was built under the auspices of the Electricity Generating Authority of Thailand (EGAT) and was intended to provide 136MW of hydropower. Now, six years after its completion, it appears that it has consistently failed to meet that target, generating less than a third of the projected power output. More importantly, in the eyes of its critics is the fact that the dam has exacted significant social costs, ranging from the relocation of population from the dam site to the dramatic fall in the size of fish catches as a result of the dam interrupting fish movement above and below the dam wall. Research indicates that the number of persons displaced was seven times greater than was predicted, and that 169 species of fish, out of a former total of 265 species, have disappeared from the Mun River above the dam wall.[18] Although hailed by the World Bank as in "a class by itself", there is widespread recognition that the practical results of the Pak Mun Dam do not justify this description. As testimony to the controversy the dam has created, EGAT has undertaken not to build any further dams to generate electricity within Thailand.

The Lao Government has followed a contrary policy. As a desperately poor country — one of the world's poorest, with an annual per capita income of less than US$300 — it is seeking to earn foreign exchange by selling electricity to Thailand generated from dams built on the Mekong's tributaries. It has been doing this since the 1970s following the completion of the Nam Ngum Dam, built with Japanese and American assistance at a site a little to the north of the capital, Vientiane. More recently, work was completed on the Theun Hinboun Dam at the end of 1998. This latter dam, like the Pak Mun Dam, has come under heavy criticism from international environmental groups. Against this background of deep division between the Lao authorities, as proponents of dams as an answer to Laos' formidable economic problems, and the passionate beliefs of environmentalists to the contrary, the debate has been joined by that over another projected dam, the Nam Theun 2 Dam.

Opposition to the proposed Nam Theun 2 Dam has focused on three main issues.[19] For some critics, the fact that a dam is involved is the essential basis for opposition. These critics point to the long record of negative impact that large dams have had throughout the world. Other critics argue that there are clear alternatives to relying solely on hydropower for the generation of cheap electricity. They are particularly concerned about the social impact of dams such as Nam

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Theun 2. Partly involving this last suggestion is the concern that the Lao Government is ready to take advantage of building dams to implement its announced policy of resettling all of the country's shifting cultivators to permanent locations by the end of 2000.

None of these criticisms have swayed the Lao Government from its plan to build the dam, for from its point of view there are simply no satisfactory alternatives available to replace the income to be earned from the generation of electricity, which can be sold to neighbouring Thailand. The fact that the amount of electricity Thailand wishes to buy from Laos has fallen sharply as a result of the Asian economic crisis has not diminished the government's hope that the dam will be built.[20] At the time of writing (August 2000), no clear decision had emerged on whether the dam would be built as the World Bank had still not provided a guarantee of sovereign risk for foreign investors in the project in the face of continuing and widespread criticism of the dam's likely effects. The debate that has taken place around Nam Theun 2 has crystallized many of the major dilemmas associated with "development". Not least is the question: who has the right to decide what projects and policies a poor country can pursue?

Two other controversial developments warrant mention. The first relates to the dam built by the Vietnamese on the Se San River. This river rises in Vietnam but flows into Cambodia where it joins two other tributaries that flow into the Mekong. Already there are complaints that the dam has had damaging effects downstream in Cambodia, both as a result of lower water levels that have led to poor fish catches and, conversely, as the result of unannounced water discharges that have led to property loss and at least one death. A second development appears potentially more serious. This is the possibility that Thailand might embark on a major diversion of water from tributaries that currently flow into the Mekong. Known from the names of these rivers as the Kok-Ing-Nan Water Diversion Project, the plan has been developed by the Thai Royal Irrigation Department as a means of dealing with the problem posed by ever-increasing demands for water drawn from the Chao Phraya River. With the aim of drawing off 2,200 million cubic metres from the three dammed tributaries, the plan has aroused local opposition and expressions of concern from Cambodia.[21]

Roads, Bridges, and Navigation

As has already been made clear, the physical character of the Mekong has made its use as a transportation route limited. Although ocean-going vessels can travel as far as Phnom Penh, navigation of other sections of the river by vessels of any size is limited to periods when the

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water level is at its highest for approximately three months of the year. There remain large sections of the river that can only be navigated by small craft. Nevertheless, and in a manner that emphasizes China's continuing hopes to capitalize on the Mekong to project its influence south of Yunnan Province, China, Myanmar, Laos and Thailand have signed a navigation agreement for the 728 kilometres of the Mekong between Simao Port and Luang Prabang.[22] The product of six years of on-again off-again negotiations, this agreement will come into effect in 2001. Without a change in Lao Government policy that would allow an all-season channel to be established south of Huay Xai, it seems proper to conclude that, for the moment, any increase in navigational use of the river will continue to be limited to the sector of the river running from Simao Port to Huay Xai (Chiang Khong on the opposite bank), and for the most part to be limited to a three-month period when the level of the Mekong is at its highest. Myanmar and Laos appear unlikely to make substantial use of the river under this agreement for trade with China, and the Thai use of the river under the agreement seems likely to be limited mostly to tourist traffic.

The realization of the limitations on the use of the Mekong for navigation had already led French colonial authorities to develop a road system through their Indochinese possessions that ran parallel to the Mekong, even before World War II. Much of this road system is currently in the process of being restored, with major road-works in progress between Pakse and the Cambodian border, and a continuing upgrading of the road linking Vientiane with Luang Prabang. At the same time, China is developing roads that will link southern Yunnan Province with Myanmar, Laos, and Thailand.

Just as importantly, and in a striking departure from the circumstances of the past, a series of bridges have been built or are under construction across the lower Mekong. Bridges across the Mekong in China have existed for nearly two millennia, and the Burma Road, which played such an important part in the Allied strategy during World War II crossed over one of these not far from the western Yunnan city of Dali. A Chinese bridge was constructed across the Mekong at Jinghong in the far south of Yunnan in 1960, but this has now been replaced by a massive suspension bridge that was completed at the end of 1999. With the completion of the so-called Friendship Bridge across the Mekong linking Laos and Thailand in 1994, a new era has been ushered in for the lower sections of the Mekong, with a further two bridges now completed at Pakse in southern Laos and My Thuan in the Mekong Delta. Other bridges are either under construction or projected to be built at Can Tho in Vietnam, Neak Luong in Cambodia, Savannakhet in Laos, and between Thailand and Laos at Chiang Khong.

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These bridges, replacing as they have, or will do, the ferries that were previously used, have the capacity to transform the communication system along the course of the Mekong. In the near future, road traffic in Laos will not only move more rapidly along a north-south axis, but it will also be able to take much greater advantage of bridges at Pakse and Savannakhet to destinations to the east and west. This offers the opportunity for greater links between Thailand and Vietnam.

The Greater Mekong Subregion

This article has focused quite narrowly on the Mekong River itself, and developments directly connected with it and its tributaries. Much of the discussion currently devoted to the area through which the river flows – the so-called Greater Mekong Subregion — has a broader focus, encompassing the widest range of economic and social activities. The Mekong River Commission is thus only one of the many organizations engaged in both bilateral and multilateral efforts to bring about change in such diverse fields as poverty alleviation and flood mitigation. Viewed in terms of strategic considerations, the current situation is one in which there has only been a limited degree of success achieved in finding ways to solve problems that arise when one state bordering the Mekong chooses to pursue its own interests to the potential detriment of another. The Chinese dams are, therefore, only the most acute reminder of the fact that, despite upbeat affirmations of a "new vision" for the Mekong Basin of the kind found in the Mekong Commission's newsletters and annual reports, there are still many problems to be overcome before it will be possible to say that there is an overall strategy for the development and control of the river that is demonstrably in the interests of all the riparian countries.[23]

NOTES

1. An account of this expedition may be found in my *River Road to China: The Search for the Source of the Mekong, 1866–73*, new edition (Singapore: Editions Didier Millet, 1996; Sydney: Allen & Unwin, 1997; New York: Atlantic Monthly Press, 1999).
2. An account of this discovery may be found in Michel Peissel, *The Last Barbarians: The Discovery of the Source of the Mekong in Tibet* (New York: Henry Holt, 1997).
3. The details provided here, and further information on the Mekong's characteristics may be found in my, *The Mekong: Turbulent Past, Uncertain Future* (Sydney: Allen & Unwin; and New York: Atlantic Monthly Press, 2000), chapter 1.
4. *B.R. 510, Geographical Handbook Series, Indo–China* (London: Naval Intelligence Division, 1943).
5. For an authoritative discussion of the nature of Cambodian society during the Angkorian period, including its agricultural system, see Ian Mabbett and David Chandler, *The Khmers* (Oxford: Blackwell, 1995), particularly chapter 11.

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6. Portuguese and Spanish activities in Cambodia during this period are discussed in B.–P. Groslier and C. R. Boxer, *Angkor et le Cambodge au XVIe Siècle d'après les Sources Portugaises et Espagnol* (Paris: Presses Universitares de France, 1958).
7. These issues are examined in Chapter 7 of *The Mekong: Turbulent Past, Uncertain Future*.
8. This issue is examined in detail in Pierre Brocheux, *The Mekong Delta: Ecology, Economy, and Revolution, 1860–1960* (Madison, Wisconsin: Center for Southeast Asian Studies, University of Wisconsin, 1995).
9. The map may be consulted in George McTurnan Kahin and John Wilson Lewis, *The United States in Vietnam* (New York: The Dial Press, 1967), p. 34; reprinted from *Agonie de l'Indochine*, by Henri Navarre (Paris: Plon, 1956).
10. United States National Security Council report recommendation, September 1956.
11. Patrick McCully, *Silenced Rivers: The Ecology and Politics of Large Dams* (London: Zed Books, 1996), pp. 238–39.
12. *Department of State Bulletin* (Washington, D.C.: U.S. Government Printing Office, 26 April 1965).
13. Stanley Karnow, *Vietnam: A History* (London: Random House; and New York: Pimlico, 1991), pp. 656–57.
14. For a discussion of China's dams on the Mekong, see E.C. Chapman and He Daming, "Downstream Implications of China's Dams on the Lancang Jiang (Upper Mekong) and their significance for Greater Regional Cooperation, Basin Wide," in *Development Dilemmas in the Mekong Subregion*, edited by Bob Stensholt (Melbourne: Monash Asia Institute, 1997), pp. 16–25.
15. The detail here was obtained from an extended conversation with the late Dr Kithong Vongsay, Chairman of the Lao National Mekong Committee, Vientiane, 19 May 1998.
16. Personal observation of activity at Chiang Saen, 3 July 2000.
17. Interview with Dr Mok Mareth, Phnom Penh, 26 May 1998.
18. The results of a survey carried out by the World Commission on Dams are reported in *Mekong Update* 3, no. 2 (Australian Mekong Research Centre, University of Sydney, April–June 2000).
19. Critical commentary on the proposal to build the Nam Theun 2 Dam appears regularly in the TERRA publication, *Watershed*, published in Bangkok.
20. Interview with Houmphone Bouliyaphonh, Director General of the Electricity Department, Lao Ministry of Industry and Handicrafts, Vientiane, 19 May 1998.
21. Interview with Dr Mok Mareth, Phnom Penh, 26 May 1998. See also, *Watershed* 4, no. 2 (November 1998–February 1999).
22. *Nation*, Bangkok, 21 April 2000.
23. The Mekong River Commission's "new vision" for the Basin, as recorded in its newsletter of December 1998, spoke of "... an economically prosperous, socially just and environmentally sound Mekong River Basin".

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China and the Nuclear Non-Proliferation Regime

J. MOHAN MALIK

This article surveys China's policy towards the nuclear non-proliferation regime and contests the view that China has now completed the transition from a challenger to an upholder of the global non-proliferation regime. It argues that "the learning curve hypothesis" and the "bureaucratic politics and profit motives" arguments provide only a partial explanation of China's shifting but ambiguous and contradictory policy towards non-proliferation. China has cleverly played "the proliferation card" by exploiting loopholes in the non-proliferation regime and contradictions in major power relationships so as to serve its national security interests. The article examines the factors that have led Beijing to disregard the non-proliferation regime in the past and might make it continue to do so in the future. It also analyses the changing Asian security environment and its impact on China's non-proliferation commitments in the future.

Introduction

The global nuclear non-proliferation (NNP) regime is an outgrowth of the steps taken during the second half of the twentieth century to halt the horizontal spread of nuclear weapons. The NNP regime consists of several components. These are the Vienna-based International Atomic Energy Agency (IAEA), founded in 1957; the 1963 Partial Test Ban Treaty (PTBT) banning the testing of nuclear weapons in the atmosphere, outer space, or under water; the 1968 Nuclear Non-Proliferation Treaty (NPT) which was extended indefinitely in

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1995; the London-based Nuclear Suppliers' Group (NSG), formed in 1974, which requires IAEA safeguards on all of its participants' nuclear exports; the 1987 Missile Technology Control Regime (MTCR) aimed at halting the proliferation of nuclear-capable ballistic missiles and other unmanned delivery systems; the 1996 Wassenaar Arrangement (a successor to the Cold War era's COCOM) covering conventional weapons and dual-use exports; and the Zangger Committee which covers nuclear-related exports. The 1996 Comprehensive Test Ban Treaty (CTBT), which has yet to come into force, further constrains all states from conducting nuclear tests. In addition, the nuclear weapons free zones (NWFZs) in Latin America, the South Pacific, and Africa have further strengthened the regime. In 1995, the Association of Southeast Asian Nations (ASEAN) proposed the establishment of a NWFZ in Southeast Asia, and in 1997 the five Central Asian states issued the Tashkent statement proposing a NWFZ for Central Asia.

The overall record of the NNP regime has been a mixture of success and failure. On the positive side, the five decades of international efforts at curbing the spread of nuclear weapons have created a political and normative climate in which no state can easily declare its nuclear intentions. The unsuitability of nuclear weapons to most military situations also renders them useless. Moreover, a number of nuclear-capable states — notably Argentina, Brazil, South Africa, and the former Soviet republics of Ukraine, Belarus and Kazakhstan — have in recent years agreed to abandon the strive for, or dismantle their nuclear weapons capabilities. In this sense, the regime has been fairly successful.

On the negative side, the campaign for nuclear disarmament appears to be failing just when success seemed at hand. Since the mid-1980s, the regime has been undermined by the emergence of new suppliers of nuclear technology and delivery systems, as well as by an increase in the number of threshold or new nuclear weapons states (NWSs). Apart from the five declared NWSs (the United States, Russia, Britain, France and China), and two new self-declared NWSs (India and Pakistan), several other nations (Israel, Japan, North Korea, and Iran) are widely believed to have made significant progress towards acquiring nuclear weapons capabilities. The changes in the international system and the global nuclear balance of power since the end of the Cold War have thrown up new challenges and opportunities for the NNP regime.

The commitment of the five declared NWSs to the cause of non-proliferation and nuclear disarmament has been the subject of comment and criticism at the 2000 NPT Review conference. Among all the declared NWSs, the People's Republic of China (PRC), the last signatory to the NPT, continues to cause much concern as intelligence reports suggest that "the China shop" for nuclear and missile technology sales

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still remains open for business. China has been held responsible for aiding, either directly or indirectly, the proliferation of weapons of mass destruction (WMD) in South Asia, the Korean peninsula and the Middle East.

The question of Chinese policy on non-proliferation is a complex one and has long been the subject of speculation and debate since the early 1960s.[1] Some analysts dub China's attitude towards non-proliferation as reckless and irresponsible. Others see it as cautious, deliberate, evolving, and realistic. Nevertheless, it is generally agreed that Chinese policy towards the NNP since 1949 has been a shifting one of national expediency conditioned by Beijing's perceived national security objectives. These objectives have led China to make several tactical turnabouts which, in turn, have created problems for the NNP regime.

This article surveys Chinese attitudes towards the nuclear non-proliferation regime from the 1950s until the present. It examines the factors that have led China to disregard it in the past and might make it continue to do so in the future. China's nuclear and missile assistance to Pakistan, Iran, and other countries provides the backdrop for a detailed analysis of what the Chinese have said and done, and, more importantly, why, with regard to proliferation at different times. The last section analyses the changing Asian security environment and its impact on China's non-proliferation commitments in the future.

Early Chinese Attitudes towards Nuclear Weapons and Proliferation

When the People's Republic of China (PRC) came into existence in October 1949, it was confronted with a hostile external environment. In a period of less than five years, the United States threatened three times to use nuclear weapons against the PRC: twice during the Korean War, and again during the Taiwan Strait crisis of 1958. Despite Chinese rhetoric denigrating nuclear weapons as "paper tigers", the leadership in Beijing was aware, even during the 1950s, of the awesome destructive power of nuclear weapons and the implications of nuclear war.[2] Right from the very beginning, the Chinese leadership assigned an important role to nuclear weapons and resisted external attempts to restrict or control the development of China's nuclear capability. China's decision to develop nuclear weapons was also motivated by national ambitions to become a great power. The inherent logic for China was clear: "Since many countries are developing them, surely China has to do the same. We would hope nuclear weapons could be banned, but until then we will still have to develop them."[3] Seeing the PTBT of 1963 as an example of a U.S.-Soviet condominium to block

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China's acquisition of nuclear weapons, Beijing was vigorously opposed to the first nuclear arms control treaty, coming out with the argument that "more may be better". It may be recalled that Beijing at that time lacked the capability to conduct underground nuclear tests and was preparing to test its own nuclear weapons in the atmosphere, which was prohibited by the PTBT. Apparently, Beijing was unwilling to see itself permanently denied strategic parity with the superpowers, which seemed implicit if it agreed to the PTBT.

After the first successful test in 1964 came a change of emphasis. While verbal support for nuclear proliferation continued, the Chinese media after 1966 focused on the ongoing negotiations for an NPT. China's nuclearization in 1964 had given major impetus to efforts at curbing further proliferation.[4] As soon as the NPT was signed by Washington, Moscow, and London in 1968, Premier Zhou Enlai attacked it as "a big conspiracy and swindle" by the United States and the USSR, in their attempt to turn the non-nuclear weapon states (NNWSs) into "protectorates".[5] There were strong and long established beliefs among China's leaders about the hegemonistic nature of superpower-inspired non-proliferation.

However, despite its condemnation of the NPT as being more "unscrupulous and outrageous" than the PTBT, Beijing did not subject it to the kind of extended attack to which the PTBT had been. For the NPT not only left the continuous development of the Chinese nuclear programme unaffected, but also actually accorded it legitimacy.[6] In August 1971, Beijing rejected a Soviet proposal for the convening of a five-power conference, to include the United States, the USSR, China, Great Britain, and France, to discuss the question of nuclear disarmament. The rationale underlying China's strong denunciation of strategic arms limitation talks, nuclear free zones, and test ban proposals throughout the 1970s was summed up in an article in *Hongqi*: "Historically, the struggle for disarmament has never stopped the extension of armaments."[7] The key elements of the Chinese policy on nuclear proliferation during this period can be summarized as follows:

- China had to "go nuclear" because of the increasing nuclear threat posed first by the United States and then by the Soviet Union.
- China's nuclear weapons were meant for self-defence only and Beijing pledged never to use nuclear weapons first, and not to use them against non-nuclear states.
- Beijing would not have developed nuclear weapons if its demands for the complete prohibition and thorough destruction of nuclear weapons had been met.

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- China was opposed to any arms control agreement, such as the NPT, which curtailed the sovereign rights of non-nuclear states and perpetuated superpower hegemony.
- China hoped that a greater number of countries would be able to make nuclear weapons but it was *unrealistic* to expect Chinese help in any nuclear aspirations that they might have harboured.

China's Changing Perspectives on Non-Proliferation: 1978–88

The mid-1970s saw China emerging from its self-imposed isolation and a rapid decline in the vitriolic rhetoric of the Cultural Revolution. The increasing Soviet threat, which the Chinese perceived on their northern borders had forced Beijing to pursue *realpolitik* and to improve relations with the United States and Western Europe. In 1971, the PRC took its seat at the United Nations. At the first NPT Review Conference in 1975, China did not adopt the aggressive posture of the 1960s. Chinese Foreign Minister Huang Hua, speaking at the United Nations Special Session on Disarmament (SSOD) in May 1978, merely reaffirmed the right of "*all countries to develop nuclear energy for peaceful purposes*" and opposed "the superpowers' attempts to hamper ... the development by other countries of their own *nuclear industry*."[8] This statement indicated a major shift in Chinese policy in the intervening period of a decade between the NPT and the U.N. SSOD. It said nothing about the right of other countries to acquire nuclear weapons. The militant posture of 1968 that the "nuclear monopoly will be further broken" had given way to ambiguous assertions that the superpowers were hampering the development of nuclear energy for peaceful purposes.[9] It also set the tone for future Chinese commentaries on the NPT.

Evidently, there was a domestic dimension to the softening of Chinese criticisms of the NPT in the late 1970s. Nuclear technology and nuclear power were accorded top priority by the post-Mao leadership in order to solve the massive energy shortages that had hindered China's industrialization programme. In 1978, China decided to set up several nuclear power plants and to attain 10,000MW (megawatts) of installed nuclear capacity by the year 2000. To realize this goal, China needed to obtain considerable foreign technology and acquire manufacturing and other infrastructure. China's civilian nuclear programme made it imperative to seek agreements on nuclear co-operation with the suppliers of nuclear technology, such as the United States, Japan, France, the then West Germany, Britain, and Italy, all champions of non-proliferation.[10] In 1979, the Carter Administration authorized Framatome, a French government-run reactor manufacturing

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corporation, to offer Beijing a nuclear power reactor for the Guangdong project. Talks on a nuclear co-operation agreement between the United States and China started in 1981 under the Reagan Administration, but were suspended because of intelligence reports about China's clandestine nuclear collaboration with Pakistan, South Africa, and Argentina.[11] Negotiations resumed after Beijing agreed to join the IAEA in late 1983 and accept global non-proliferation norms and obligations.[12] Beginning in 1984, Chinese leaders at the highest levels repeatedly reiterated their opposition to further proliferation but still refused to ratify the NPT. The Chinese representative at the IAEA stated that to do so "would not be conducive to the development and worldwide peaceful uses of nuclear technology, to the economic and scientific development of various countries."[13]

Nonetheless, in order to take the heat out of U.S. Congressional opposition to Sino–American nuclear co-operation, Beijing agreed to apply IAEA safeguards to any nuclear technology exported by it. When China joined the IAEA in early 1984, its representative also declared that, "Beijing respects the desire of a great many non-nuclear weapon states not to test, use, manufacture, produce and acquire nuclear weapons. China will accept the Statute of the Agency and fulfill obligations arising therefrom."[14] In January 1984, China went a step further when Premier Zhao Ziyang, during a visit to the United States, stated: "We do not advocate or encourage nuclear proliferation. We do not engage in nuclear proliferation ourselves, nor do we help other countries develop nuclear weapons."[15] China also acceded to the Biological Weapons Convention (BWC) in 1984.

The prominence given to Premier Zhao's statement by the official Chinese media was indicative of a major shift from China's previously ambiguous policy. However, this initiative soon became embroiled in controversy on Capitol Hill because Zhao's statement was not phrased in the future tense, and not long after it was made, Chinese scientists were discovered at the Kahuta site in Pakistan, where a clandestine nuclear enrichment plant was being built. This further delayed the conclusion of the proposed U.S.–China nuclear pact as Washington sought further clarification from Beijing that covered future activities as well.[16] To resolve the deadlock, the then Chinese Vice-Premier Li Peng declared on 18 January 1985 that "we have no intention either at present or in the future, to help non-nuclear countries develop nuclear weapons."[17]

On balance, China's membership of the IAEA and Li Peng's 1985 statement put China in much the same position as France — that is, it would not sign the NPT but would behave as if it had. Subsequently, the Sino-American nuclear agreement was initialled when China agreed to

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technology export policies "consistent with basic non-proliferation practices common to the United States and other suppliers".[18] Apparently, China's need for nuclear co-operation with the suppliers of advanced nuclear technology and signatories to non-proliferation agreements had brought about some change in China's declared policy on nuclear proliferation.[19]

However, China's refusal to abide by the NSG guidelines remained a matter of serious concern.[20] Beijing had, after all, entered into nuclear co-operation "for peaceful purposes" with several NPT holdouts, such as Argentina, Brazil (both later joined the NPT), and Pakistan (an NPT holdout). For example, the Sino-Pakistani nuclear agreement of 1986 was reported to have included IAEA safeguards on exports of Chinese nuclear materials to Pakistan, but it did not "require as a condition of supply that Pakistan place all of its nuclear installations under the IAEA system"[21] as required by members of the NSG. Beginning in 1987, China began to require that countries importing Chinese nuclear materials accept IAEA safeguards on the use of those imports.

In view of China's continuing unsafeguarded nuclear transfers to countries of high proliferation risk throughout the 1980s, serious questions remained whether Beijing's stated commitment to non-proliferation was anything more than a commitment of convenience, that could just as easily be reversed in the future. Although the Sino–American nuclear co-operation agreement remained in limbo for twelve years because of strong evidence of continuing Chinese proliferation activities, and was resurrected by the Clinton Administration in March 1998, it was clear that by making their bilateral nuclear co-operation with China conditional upon the latter's adherence to non-proliferation guidelines and existing nuclear supply norms, the United States, countries in Western Europe, and Japan did succeed in persuading Beijing to rethink its policy regarding proliferation.

At the same time, there was an increasing awareness in Beijing of the security and political benefits accruing from participation in arms control regimes. The nuclear developments in Asia undoubtedly impacted upon China's military strategy. Gradually, Beijing was beginning to accept the prevalent view that further proliferation would have a negative impact on China's own security. That China's stake in closing the nuclear club for new entrants was as great as that of the other four nuclear powers was demonstrated by the Chinese insistence on the continuation of IAEA safeguards in Taiwan, though on a "non-government" basis, which meant an abandonment of Beijing's principle of opposing international bodies' treatment of Taiwan as a separate entity.

Nevertheless, China still proved susceptible to the lure of economic

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and geostrategic advantages to be gained from exporting the materials, technology, and equipment relevant to another country's nuclear and missile programmes. The apprehensions about the strength of Beijing's commitment to nuclear non-proliferation seemed justified when the Chinese in 1988 sold surface-to-surface *Dong Feng* 3A (or East Wind CSS-2) intermediate range ballistic missiles (IRBMs) with a range of 2,600km, to Saudi Arabia and M-9 and M-11 missiles to Syria and Pakistan respectively.[22] All this posed a serious challenge to the newly-established MTCR (in 1987) by the G-7 (group of seven industrialized) countries and diminished China's credibility as a country committed to the cause of non-proliferation. U.S. criticism and diplomatic pressure resulted in Deng Xiaoping's ambiguous assurance to the visiting U.S. Secretary of Defence, Frank Carlucci, in September 1988, that "China would exercise restraint on missile sales, because restraint may be warranted under certain conditions."[23] If anything, the 1980s further highlighted the fact that China's participation in the non-proliferation regime was an essential prerequisite for the success of the global efforts to check the further spread of WMD.

Chinese Perspectives on Non-Proliferation: 1989–99

China's slow march towards the global NNP regime gained momentum in the 1990s. It was driven as much by the need to end the country's diplomatic isolation following the Tiananmen massacre of June 1989 as by the "earth-shaking events" of the collapse of the Soviet Union and the end of the Cold War shortly thereafter. The international arms control agenda was shifting from bilateral U.S.–Soviet nuclear arms control to multilateral regimes (both formal and informal) to constrain the spread of WMD. As one observer noted:

> Whereas in the 1980s, it was sufficient for China to demonstrate its political commitment to arms control by participating in UN disarmament conferences and urging the United States and the Soviet Union to reduce their theatre and strategic nuclear arsenals, in the 1990s, Beijing has had to provide more tangible non-proliferation commitments that more directly affect[ed] Chinese security.[24]

The year 1989 signalled a major change in China's non-proliferation policy. In that year, China concluded a voluntary safeguards agreement with the IAEA for the application of IAEA safeguards inside China. In February 1992, China pledged to abide by the original 1987 MTCR guidelines; in March 1992, China signed the NPT; in 1993 came the signature and ratification of the Chemical Weapons Convention (CWC); and in July 1993, China committed itself to report its trade in nuclear materials and its exports of nuclear equipment and related materials to

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the IAEA. For China, accession to the NPT served its security interests as it not only legitimized China's declared NWS status but also shifted attention to the potential threat to regional and global security from nuclear proliferation on the Korean peninsula and South Asia, and from clandestine leakage of nuclear materials (the threat of so-called "loose nukes") in the post-Soviet states. Diplomatically, China's NPT accession demonstrated its non-proliferation commitments to the world and enhanced its profile on arms control issues, consistent with its status as one of the five permanent members of the United Nations Security Council. Thereafter, China enunciated three principles to guide its approach to nuclear exports:[25]

- all nuclear exports are for peaceful purposes only;
- all recipients must accept IAEA safeguards on their nuclear imports from China; and,
- recipients may not re-transfer nuclear items imported from China to a third country without prior Chinese approval.

In 1994, China contributed to gaining North Korean acceptance of the US–DPRK Agreed Framework, which led to a freeze of the North Korean nuclear weapons programme. In May 1995, at the fifth Review Conference of the NPT, China supported the decision to extend the treaty indefinitely. In November 1995, China issued its first publicly released Defence White Paper, which focused on arms control and disarmament. In May 1996, the Chinese issued a statement promising to make only safeguarded nuclear transfers; and in July 1996, Beijing instituted a moratorium on nuclear testing, signing the CTBT two months later. In April 1997, China deposited its instrument of ratification of the CWC. (The CWC entered into force on 29 April 1997.) China's current nuclear export controls consist of three main components:

- A May 1997 State Council "Circular on Strict Implementation of China's Nuclear Export Policy" to all its governmental and non-governmental entities, providing guidance on nuclear exports.
- The September 1997 "Regulations on Nuclear Export Control" (with an attached control list the same as the NSG control list on nuclear items [INFCIRC/254 Part I]), which: (i) require all of its sales of nuclear materials and equipment abroad to have the approval of the State Council (or Cabinet); (ii) require countries that import nuclear equipment and materials from China to guarantee that these will not be used with the aim of creating a

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nuclear explosive device; and (iii) prohibit Chinese exports of nuclear equipment, personnel, and technology to nuclear facilities in any non-nuclear weapon state that is not under IAEA inspection.

- The June 1998 "Regulations on Export Control of Dual-use Nuclear Goods and Related Technologies" which have an attached control list the same as the NSG's nuclear dual-use list [INFCIRC/254 Part II].[26]

All these regulations gave legal effect to China's three nuclear export principles and its May 1996 pledge not to provide assistance to unsafeguarded nuclear facilities. In October 1997, China joined the Zangger Committee and formally established a new Arms Control and Disarmament Department within the Chinese Ministry of Foreign Affairs. During the October 1997 Sino–U.S. summit, China provided further nuclear non-proliferation assurances, thereby satisfying the Clinton Administration's Congressional certification requirements for the implementation of the U.S.–China agreement on nuclear co-operation (signed in 1985) in March 1998, and paving the way for U.S. commercial sales to China's civilian nuclear energy sector. The May 1998 nuclear tests by India and Pakistan marked a turning point when China, for the first time, came out as a staunch supporter of the non-proliferation regime. Ironically, the Chinese attitude towards India's nuclearization was remarkably similar to the "hegemonistic attitude" displayed by the United States when China went nuclear. Many believe China has now made the transition from a challenger to an upholder of the global NNP regime. However, despite these positive developments, a number of problems still exist.[27]

First, China does not require full-scope safeguards (FSS) by the recipient country as a condition of supply even after joining the Zangger Committee as a full member. Beijing evidently resists the full-scope standard because this would oblige it to terminate nuclear co-operation with Pakistan.

Secondly, China has not publicly adopted a "catch-all" obligation to deny nuclear or nuclear-related exports or assistance to a country that might satisfy formal IAEA and NPT criteria yet have a dubious non-proliferation record for other reasons (for example, North Korea, Libya, Iran, or Iraq).

Thirdly, China has yet to show its commitment to follow-up and monitor the end-use assurances on its nuclear and nuclear-related exports within recipient states and facilities.

Fourthly, whilst China has made notable strides in joining *formal* arms control regimes, it continues to shun *informal* multilateral export

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control arrangements, such as the NSG, the MTCR, and, in the chemical weapons area, the Australia Group (AG), and the Wassenaar Arrangement (conventional arms exports and related dual-use items).

Fifthly, efforts to win Chinese compliance with the guidelines of the MTCR have come to nought, notwithstanding Beijing's repeated verbal and written assurances on the MTCR since 1988. That China continues to violate the MTCR guidelines at will is evident from the export of technology for missile guidance, testing, and production to Iran, and the provision of complete missile systems and missile components to Pakistan. Interestingly, Beijing has also come up with a unilateral, flexible interpretation of certain MTCR guidelines to serve its geostrategic interests as well as those of its allies. Testifying before a U.S. Congressional panel in July 1998, U.S. Deputy Assistant Secretary of State Robert Einhorn said that Washington believed "that China has ... continued to be supportive of Pakistani missile programs through provisions of components technology."[28]

Sixthly, China has linked its support to the proposed Fissile Materials Cut-off Treaty (FMCT) to India and Japan.

Seventhly, continued suspicions persist of the existence of Chinese offensive chemical and biological weapons (CBW) programmes, contrary to China's public statements and in violation of its commitments to the BWC and CWC. In May 1997, the United States imposed sanctions against two Chinese companies for chemical weapons-related exports to Iran.

Last but not least, formal adherence to legal standards is one thing, effective enforcement of the underlying objectives is quite another. Past experience suggests that it will take some time to determine whether China's practices in nuclear exports meet international standards for nuclear-related and dual-use equipment, materials, and technology that could be used for WMD development purposes. The CIA has acknowledged that:

> China's participation in international non-proliferation regimes has led to *moderate decline* in its sensitive technology exports to other countries. In many cases, however, China is now selling dual-use technology, hardware, and expertise, which are not always explicitly controlled under these multilateral control regimes.[29]

There is no doubt that compared with its past nuclear export practices, China seems to have come a long way. Despite this progress, the effectiveness of China's new export control commitments and practices still needs to be closely watched and analysed. After all, China's commitment to non-proliferation is only less than a decade-old, Beijing having acceded to the NPT in March 1992.

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China as a WMD Proliferator

As noted earlier, since the mid-1980s, a number of reports, emanating from Western intelligence sources, have held China responsible for exporting nuclear materials to countries of high proliferation concern despite China's repeated assurances to the contrary.[30] China, for example, supplied Algeria with a research reactor; Argentina with heavy water and enriched uranium; Brazil with enriched uranium; India with heavy water; Iran with training for nuclear technicians, reactor technology and a research reactor; Iraq with lithium hydride; North Korea with training for nuclear and missile technicians; and even South Africa with enriched uranium. Three of the countries which China helped — Argentina, Brazil and South Africa — eventually renounced their nuclear weapons programmes. Others have moved on to pose formidable challenges to the international NNP regime. It has been argued that China bears a great deal of responsibility for recent nuclear proliferation in Asia, given the assistance it has provided to Pakistan's and North Korea's nuclear/missile efforts over the years.[31] China's nuclear and missile assistance to three countries in particular — Pakistan, North Korea and Iran — has been the leading cause of concern.[32]

Pakistan

Of all the nations that China has helped, none has reaped more benefits than Pakistan, often getting materials it could not get elsewhere – highly enriched uranium (HEU), assistance with the building of an unsafeguarded 50–70MW plutonium production reactor at Khushab and plutonium reprocessing facility at Chasma, enough uranium hexaflouride feedstock to enable operation of Pakistan's centrifuges, ring magnets, and the machines for the production of weapons-grade uranium for its bombs.[33] All this was in contravention of non-proliferation pacts which China was a party to but was aimed at keeping their mutual enemy (India) in check.[34] It is no exaggeration to say that China was the chief instrument by which Pakistan got its bomb. That is why soon after carrying out its nuclear tests in May 1998, the Pakistani Prime Minister, Nawaz Sharif, praised and thanked China for its contribution and help. According to Gary Milhollin, director of the Wisconsin Project on Nuclear Arms Control: "If you subtract China's help from the Pakistani nuclear program, there is no Pakistani nuclear program. And China is not promising to stop its help to Pakistan's civilian nuclear program, which means more training, more experience and the possibility of technology transfer from the civilian to military side."[35] U.S. intelligence documents during the past twenty years paint a thorough picture of close Sino–Pakistani co-operation in the nuclear

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field, which began following the signing of a secret Sino–Pakistani nuclear technology co-operation agreement in 1976.[36] All of Pakistan's nuclear laboratories — Kahuta, Khushab, and Chashma — have been aided by China. Some U.S. intelligence reports even claim that one or two nuclear devices that Pakistan tested in May 1998 were actually Chinese. This would amount to a violation of the CTBT that Beijing has signed but not ratified.

China not only provided Pakistan with nuclear plants and warheads but also their delivery systems: ready-to-launch M-9, M-11 and a number of CSS-2/DF-21 (renamed *Hatf, Shaheen* and *Ghauri,* respectively) ballistic missiles.[37] China also helped Pakistan to build a missile production factory near Rawalpindi. Interestingly, the test firing of Pakistan's ballistic missiles is always preceded by Pakistani missile scientists' pilgrimage to the "Middle Kingdom".[38] The Academy of China Aerospace Corporation is also assisting Islamabad in the development of long-range and intermediate-range ballistic missiles.[39] Chinese exports of missiles, components, and related technologies to Pakistan have led to repeated confrontations with the United States, and the imposition on two occasions of MTCR Category II sanctions against China. These missile technology transfers violated written confirmation from China that it would abide by the MTCR "guidelines and parameters".[40]

Information collected by U.S. intelligence agencies has shown that China is continuing covert assistance to Pakistan in violation of its undertakings under the Joint Statement on South Asia of June 1998 which required China and the United States "to prevent the export of equipment, materials or technology that could in any way assist programs in India or Pakistan for nuclear weapons or for ballistic missiles capable of delivering such weapons."[41] There is certainly more to the Sino-Pakistani connection than actually meets the eye.

North Korea

Several hundred North Korean experts have been trained in plutonium separation and other nuclear technologies in China (as well as in the former Soviet Union) since the 1960s.[42] China is also believed to have assisted North Korea's ballistic missile programme.[43] Much like Pakistan's *Ghauri* and *Shaheen* (tested in April 1998 and 1999) and Iran's *Shahab* (tested in July 1998), North Korea's *Taepo-dong* (tested in August 1998) medium to intermediate range missiles have their origins in Chinese CSS-2 missile technology. That North Korea now serves as a conduit for Chinese supplies to other countries was confirmed by a 1999 Pentagon intelligence report, which said "the Chinese are proliferating on a consistent basis without technically breaking agreements with the US".[44]

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Iran

After Pakistan, Iran is said to be the second Islamic country to go nuclear with covert and overt Chinese assistance. Although Iran is a member of the NPT, according to the Pentagon, China is a "principal supplier of nuclear technology to Iran".[45] China and Iran signed a ten-year nuclear co-operation agreement in 1990. Iran agreed to purchase two 300MW pressurized water reactors (PWRs) from China in 1992. In September 1995, the Chinese ambassador to Iran confirmed that China was supplying uranium enrichment, and other nuclear, technology to Iran.[46] China has also supplied Iran with a research reactor capable of producing plutonium and a cauldron, a technology that can be used to enrich uranium to weapons-grade.[47] Chinese technicians assisted Iran in constructing a uranium plant near Esfahan, and with other parts of the nuclear fuel cycle, such as uranium mining and processing and fuel fabrication. During the Sino–U.S. summit in October 1997, China pledged in a confidential agreement to forego future nuclear co-operation with Iran (but not missile co-operation).

China has also provided Iran with nuclear-capable ballistic missiles[48] (M-9 and M-11),[49] missile components, and chemicals that can be used for making nerve gas.[50] China has reportedly "sold Iran 400 tons of chemical agents, giving it the largest chemical weapons stockpile of any Third World country".[51] Like Pakistan, Iran also has been a steady customer of Chinese conventional weaponry (such as C-802 anti-ship cruise missiles, SA-2 surface-to-air missiles, F-7 combat aircraft, and fast-attack patrol vessels).

Other Countries

In 1990, after Iraq's invasion of Kuwait and the imposition of an international trade embargo, China provided Iraq with lithium hydride, a chemical compound useful in both boosted-fission and thermonuclear (hydrogen) bombs, as well as ballistic missile fuel.[52] China has also pursued a continuing nuclear export relationship with Algeria. In the missile export field, China has aided the missile programmes of Saudi Arabia, Syria, Libya, and Iraq in violation of the MTCR. In 1988, China sold Saudi Arabia 30 DF-3 or CSS-2 medium-range ballistic missiles. These missiles are nearing the end of their operational life and Saudi Arabia is looking for replacements. Beijing could route missiles through either Pakistan or North Korea to escape U.S. sanctions. Nor has China given up its right to sell to other countries those missiles which are not controlled by the MTCR.

The United States sought throughout the 1980s and 1990s to persuade China to stop nuclear assistance to Pakistan and Iran but to little or no avail.[53] The Director of Central Intelligence (DCI), in June

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1997, submitted a required report to the U.S. Congress stating that "China was the most significant supplier of WMD-related goods and technology to foreign countries." On 28 January 1998, DCI George Tenet testified to the Senate Select Intelligence Committee that "there is no question that China has contributed to WMD advances" in Pakistan and Iran, and argued for close monitoring of Chinese declaratory and operational policies with regard to non-proliferation.[54] Those China-watchers who had argued that the Clinton Administration's confidence in Beijing's non-proliferation policies was misplaced were proven right when within weeks of President Clinton's assent to the implementation of the U.S.–China nuclear co-operation agreement in January 1998,[55] U.S. intelligence agencies found that the state-run Chinese Nuclear Energy Industry Corporation was planning a secret sale to Iran of hundreds of tonnes of anhydrous hydrogen fluoride (AHF), a chemical needed to enrich natural uranium to weapons-grade.[56] Though U.S. officials pressured China to stop the sale, "this incident was a clear signal that the US nuclear agreement with China might be only as good as the quality of US intelligence." Once again, it suggested that China was not living up to its promises. Then came the news of Pakistan's first military plutonium production reactor going operational at Khushab. Beijing "had promised the United States, during talks on activating the US–China nuclear accord, that it would not supply the heavy water needed by Pakistan to start up the reactor".[57]

The preceding analysis shows that during the 1960s, China's posture conceptually and rhetorically favoured nuclear weapons proliferation, particularly in the Third World, as a rallying point for anti-imperialism. However, Beijing did not actually proliferate. Throughout the 1970s, China's policy was not to oppose nuclear proliferation, which it still saw as limiting U.S. and Soviet power. After China began to open to the West in the 1980s, its rhetorical position gradually shifted to one of opposing proliferation. However, China's nuclear and arms trade practices did not conform to international non-proliferation regime standards, and it emerged as a major proliferator of WMD technologies. Major efforts during the last two decades have persuaded China to bring its nuclear trade practices closer to the policies of the other nuclear supplier states. However, there still remains a wide gap that needs to be bridged. China remains a significant WMD proliferator. Neither inducements offered to China (in the form of recognition of its status as a major power by the world community, and access to international trade, capital, and technology) nor sanctions and penalties have succeeded in bringing a complete end to China's dealings with would-be bomb-makers.[58]

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Explaining China's Proliferation: Three Views

How does one explain the motives behind China's assistance to countries known for clandestine WMD programmes, which has not only upset regional military balances in conflict-prone regions but also complicated the negotiation of arms control agreements? Several views and theories have been put forward. The dominant view is that Beijing's policy has gone through a positive process of gradual evolution and improvement since 1949 and that it has now jumped on to the non-proliferation bandwagon. However, one can argue that China has very cleverly sought to exploit loopholes in the non-proliferation regime and contradictions in major power relationships to serve its broader national security interests. There is a general consensus that there remain serious discrepancies between what China has said and what China has done on this subject.

The Learning Curve Hypothesis

This school argues that China is still on a learning curve, and that China's non-proliferation policy has gradually evolved and shown a great deal of improvement since the 1950s. Beijing has step-by-step clarified and upgraded its non-proliferation commitments and it is becoming more co-operative with the international NNP regime, and this trend is likely to continue. Apparently, the needs of China's nuclear power industry, together with the end of the Cold War, played an important role in the assimilation of international NNP norms. Efforts by successive U.S. administrations to meet the Congressional conditions required for the implementation of the 1984 Sino–U.S. agreement on peaceful nuclear co-operation encouraged Beijing to gradually abide by international non-proliferation norms and apply controls on its nuclear exports that are closer to the standards of the major nuclear supplier countries. Consequently, China put in place a systematic policy framework for non-proliferation, both to resolve differences and conflicts arising from nuclear exports and to narrow the gap between rhetoric and reality. Various twists and turns in China's policy are explained as a demonstration of the fact that China has been involved in a continuous learning and adaptation process.[58]

Bureaucratic Politics and Profit Motives

Yet another explanation is the existence of differences within China's policy-making apparatus, particularly between the Ministry of Foreign Affairs (MFA) and the Ministry of National Defence (MND), over how much help should be given in the absence of a clear-cut policy, and the pulls and pressures from the Chinese national security establishment to share its nuclear aid/materials with Beijing's friends and allies.

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Whenever confronted with reports of nuclear and missile sales, the MFA's first reaction is to dismiss them as "utterly groundless" or "baseless".[59] That reaction is right perhaps because, more often than not, the defence establishment acts without reference to the Foreign Ministry. The organizations involved in the nuclear and missile trade are controlled by the military, which is always willing to either bend the rules or turn a blind eye in securing lucrative foreign markets. The economic policies of the last two decades have produced a much-weakened central government that shows difficulty in controlling the market forces that underlie arms sales. Thus, the bureaucratic turf battles between the MFA and the MND could possibly explain the endemic problems of a political, cultural, and organizational nature that exist in China's decision-making and export control apparatus. Therefore, we need to look at bureaucratic politics and organizational explanations for foreign policy decisions, which may have resulted in WMD proliferation.

Several analysts believe that Chinese nuclear arms proliferation results from fragmented, autonomous and unco-operative decision-making cells within the Chinese defence establishment.[60] Complex, family-connected networks (*guanxi*) operate across military organizations, government ministries, and nominal civilian corporations. These networks can be unresponsive to admonitions from the MFA because arms sales continue to provide much needed hard currency to their organizations and also to powerful individuals. These autonomous networks may have little incentive to bow to international or even internal pressure.

It was only in the late 1990s that Beijing attempted to regain control over the unsupervised activities of the People's Liberation Army (PLA) profiteers with the establishment of an Arms Export Control Group from which all major foreign arms sales must obtain a central government licence. Beijing's ability to control and monitor the activities of domestic companies engaged in nuclear/missile exports is also questionable. Moreover, to the extent that control is exercised at all, it seems that the Central Military Commission and not the Foreign Ministry wields the most clout in the approval process.

Thus, China's pursuit of hard currency has led it to undermine the non-proliferation regime from time to time. Economic gain was the prime motivation behind China's sales of enriched uranium to South Africa; heavy water to Argentina; low-enriched uranium (LEU) fuel and heavy water to India through a German subsidiary;[61] and behind its sale of intermediate range ballistic missiles to Saudi Arabia. In June 1990, China also agreed to help Egypt modernize its production of surface-to-surface and surface-to-air missiles as part of an accord worth

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hundreds of millions of U.S. dollars. The Clinton Administration determined in August 1995 that China had sold 5,000 ring magnets to Pakistan's Kahuta Research Laboratory between December 1994 and mid-1995. It is worth noting that in recent years, China has promoted its foreign military sales in an attempt to earn hard currency to fund the country's ongoing defence modernization programmes. However, China is not alone in this approach. Russia, France, and other Western arms supplying countries have been equally opportunistic. In short, the bureaucratic turf battles and the hidden activities of autonomous arms manufacturing and trading entities have undermined China's non-proliferation objectives.[62]

Playing "the Proliferation Card": China as a Strategic Proliferator

Each of the above views provides only a partial explanation of China's non-proliferation policy which can best be characterized as "one step forward, two steps back". None offers a convincing explanation on why China decided to help Pakistan, Iran, or North Korea when it had steadfastly declined similar billion-dollar requests from Libya or Egypt in the past? Or, for that matter, why not help oil-rich Kuwait, Nigeria, or Mexico? Is there some grand geostrategic design at work here? This question cannot be answered without an understanding of China's national security interests in general, and its Asia policy in particular. Beijing's customary denials notwithstanding, China's pursuit of broader strategic objectives makes it undermine the non-proliferation regime.

First and foremost is the strategic objective of limiting U.S. dominance worldwide and to counter any moves aimed at the consolidation or enlargement of the U.S. alliance network in the Asia–Pacific.[63] In the aftermath of the 1991 Gulf War, China made a strategic decision to move closer to Iran and to build up its defences as a counterweight to U.S. influence in the Middle East. From China's perspective, the emergence of additional power centres, albeit far from its borders (for example, Iran), will provide a valuable U.S. hostage and preoccupy the United States, leaving South and Southeast Asia to reckon with China's growing might. In China's strategic calculations, faced with two or three regional crises simultaneously, the United States would have to choose the one which is more critical to its national security interests, leaving the other region to China to set the pace.

Secondly, and a related objective, is to ensure China's pre-eminence in the Asia–Pacific by "restraining Japan and containing India".[64] China's assistance to the nuclear and missile programmes of North Korea and Pakistan has largely been motivated by the need to provide a counterweight to its strategic rivals in Asia. Since China faces three

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great powers in East Asia — the United States, Japan and Russia — it has long seen South and Southeast Asia as its spheres of influence, and India as the main obstacle to achieving its strategic objective of attaining a predominant position in southern Asia. This is why Beijing has used its ally, Pakistan — dubbed as "China's Israel" by PLA generals — to contain India's growing power and repeatedly broken its promises to halt clandestine strategic transfers to Pakistan in violation of obligations under Article 1 of the NPT. Even the repeated imposition of sanctions did not deter China from working long and hard to transform the Sino–Indian nuclear equation of the 1960s and 1970s into an India–Pakistan nuclear standoff in the 1990s.[65] To take the heat off its proliferation activities, Beijing has encouraged its military allies, Islamabad and Pyongyang, to establish closer nuclear and missile co-operation links since the early 1990s.[66] In line with Sun Tzu's maxim of "subduing the enemy without fighting", China has played something of a double game in South Asia and Northeast Asia, having earlier contributed to their destabilization by transferring nuclear and missile technologies to its allies (Pakistan and North Korea) and later offering to help contain the problem of nuclear/missile proliferation in South Asia and the Korean Peninsula. Such tactics buttress the point that China's "centrality" in regional security issues must be recognized as essential to their resolution. In other words, proliferation has afforded Beijing the unique opportunity to successfully play the dual role of a troublemaker and troubleshooter in South Asia and Northeast Asia. Such a strategy not only obviates the need for China to pose a direct threat to Japan or India but also allows Beijing to wield its prestige as a disinterested global nuclear power while playing the role of a regional arbiter.

Thirdly, and finally, is the strategic need to build a network of close allies (Iran, Pakistan, Myanmar, North Korea) because "all great powers have strong allies". Just as the United States can count on the support of its allies (Australia, Canada, Germany, Japan, and the United Kingdom) in times of crisis, so the argument goes, China also needs the support of strong allies to secure its interests, particularly in Asia.[67] By building up the military capabilities of allies — such as Pakistan, North Korea, and Iran — Beijing seeks to tie down India, Japan, and the United States in their respective regions with certain security concerns. So, it is argued that unlike other NWSs, China has consistently and deliberately used proliferation as an effective instrument to advance its strategic interests in Asia. Therefore, it is no coincidence that Pakistan, Iran, and North Korea owe a greater part of their nuclear and missile capabilities to China.

That Beijing's arms control policy remains subservient to its broader national security strategy became even more evident in

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1999–2000. As bilateral relations between China and the United States deteriorated over issues as diverse as the U.S. bombing of the Chinese embassy in Belgrade in May 1999, Taiwan, American plans for theatre missile defence (TMD) in East Asia, China's accession to the World Trade Organization and human rights, Beijing retaliated by doing what it had always done in the past: suspending bilateral dialogue with the United States on non-proliferation and arms control issues and stepping up transfers of its nuclear and missile technologies to countries hostile to the United States and its allies. Robert Walpole, national intelligence officer for strategic and nuclear programmes, told a U.S. Senate Governmental Affairs Subcommittee in February 2000 that both China and North Korea were continuing their missile technology exports to Pakistan and Iran. This constituted a gross violation of an undertaking under the Clinton–Jiang Joint Statement on South Asia of June 1998.[68]

Furthermore, during Chinese Foreign Minister Tang Jiaxuan's visit to Iran in February 2000, the first high-level bilateral exchange between the two countries since 1994, military co-operation in the areas of nuclear and missile technologies was discussed. In early May 2000, U.S. Secretary of State Madeleine Albright revealed that Washington had also voiced concern to China over reports that Beijing was aiding Libya's long-range missile development efforts. The *Washington Times* (9 May 2000) reported China's refusal to provide assurances against the transfer of nuclear technology to third countries as required under the 1997 Clinton–Jiang agreement for the sale of American nuclear reactors to China, forcing the United States to withhold sixteen licences sought by China. The Chinese attitude raised questions about Beijing's commitment to the global non-proliferation regime in general, and fuelled doubts about the credibility of its assurances to the United States against the transfer of nuclear weapons technology to Pakistan and Iran in particular.

China has long used its nuclear and missile sales to the countries of the Middle East as a bargaining chip to pressure Israel to part with advanced conventional weaponry and anti-ballistic missile defence technology.[69] A major reason behind Israeli arms sales to China has been the need to neutralize Beijing's strong support for Arab states and the fear of Beijing's retaliation by means of the supply of nuclear and missile technology to Muslim countries hostile to the Jewish state. It was not a coincidence that reports of Chinese assistance to Libya's long-range missile programme appeared at the time of intense U.S. pressure on Israel to cancel a US$2 billion deal to sell airborne military radar (similar to the U.S. AWACS) to China that would diminish Taiwan's significant air power capabilities. "We don't want to have China hostile

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to Israel", cautioned an Israeli official, noting that Beijing would send arms to the region, which could harm both American and Israeli interests.[70] Likewise, sporadic reports of Chinese nuclear collaboration with Algeria ensure that the French remain on China's side. Increasingly, China's assistance takes the form of technology transfer or exports through third parties or missile parts, as opposed to complete missile systems.

Evidence shows that Beijing has either paid lip service to the non-proliferation objectives or made only those concessions absolutely essential to: (a) mend fences with the West, and (b) to secure access to advanced technology but without accepting terms which would constrain its security policy options or restrict China's nuclear and missile exports. This ambivalence has been accompanied by deliberate attempts to exploit grey areas ("differences of interpretation" as in the MTCR case), *ad hoc* decision-making based on mixed or contradictory policy preferences, and poor export controls. The end result is that China remains a major proliferator of weapons of mass destruction.

Obviously, China's nuclear and missile transfers are motivated by the strategic considerations of: (a) countervailing the United States, India and Japan; (b) gaining useful allies; (c) procuring advanced military technology; and (d) securing access to critical energy resources. Some transactions may be purely commercial ventures, but most are meant as leverage or a bargaining chip to extract concessions in the form of military assistance or diplomatic influence and to contain Beijing's rivals. The end of the triangular US–USSR–PRC diplomacy of the Cold War years has seen China increasingly playing "the proliferation card" primarily because, unlike the West, Beijing cannot use international financial institutions, such as the International Monetary Fund (IMF) and World Bank, or the clout of the G-7 to bring about desired changes in the behaviour or policies of other states. For example, Beijing has always exploited its nuclear and missile transfers as a bargaining chip in its attempts to curb U.S. arms transfers to Taiwan.[71] In short, China has come to rely on the proliferation of WMD and non-cooperation on arms control issues to get what it wants.

This explanation refutes "the learning curve" argument which claims that China simply did not know much about the non-proliferation regime initially. As with the "bureaucratic politics and commercial motives" hypothesis, the "learning curve" hypothesis provides only a partial explanation of China's shifting but ambiguous and contradictory policy towards non-proliferation. This also reflects the tension between being a status quo power in terms of nuclear weapons capability and a non-status quo power in terms of a rising

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great power. Robert Greenberger and Matt Forney also believe that China has emerged as a hard-headed, calculating, strategic proliferator:

> Russia often sells weapons technology because its economic crisis leaves officials and ministers grasping for chances to earn hard currency, and the US leaks weapons know-how because it simply can't contain its explosion of technology. China, by contrast, more often exports high powered weapons and technology in a cool pursuit of specific policy goals ... Over the years, China has shown remarkable persistence in its use of weapons sales... to achieve its goals, regardless of world opinion or even the threat of sanctions. Occasionally ... China slows the pace or shifts tactics under international pressure... China is a strategic proliferator.[72]

It is argued that the Chinese have perfected the art of proliferation of clandestine nuclear and missile technology transfers and made it a tool of Chinese national security policy. It is worth remembering that Beijing's proliferation activities helped to create the context within which India decided to unveil its nuclear weapons and Japan decided to opt for the U.S.-backed theatre missile defence (TMD) system in East Asia. China's proliferation record shows that a country's signature on the NPT is by no means a guarantee that it has become a supporter of the non-proliferation regime. The Chinese play "the proliferation card" because it serves their vital strategic interests. Therefore, Beijing's denials of any "wrongdoing" must be taken with a grain of salt.[73]

Chinese Perspectives on Asian Security and Nuclear Weapons in the Twenty-first Century

Seen from the Zhongnanhai (the Chinese leadership compound in Beijing), the Asian security environment at the beginning of the new century gives rise to apprehension. From Kosovo to Kazakhstan, Mongolia to Manila, Chinese strategists perceive that a U.S.-led containment ring is closing in on China.[74] The recent renewal and enlargement of the U.S. military alliance network in Asia and fresh U.S. military engagements in Southeast Asia have heightened concerns. Chinese fears of an American thrust westward in the Pacific have been reinforced by the eastward expansion of the U.S.-led North Atlantic Treaty Organization (NATO) close to Beijing's borders in Eurasia. The huge American lead in advanced conventional military technologies, and the new U.S. focus on building national missile defences and theatre missile defences that could downgrade the effectiveness of China's nuclear deterrent, have also generated new concerns in Beijing.[75] At the global level, China has been put off by the U.S. military action in Kosovo (which raised the spectre of the unconstrained

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assertion of U.S. power throughout the world) bypassing the United Nations system, where China, as a permanent member of the U.N. Security Council, has a veto. While China has been stressing the importance of a "multipolar world" at the global level, some powerful sections of the Beijing élite want to work for the re-emergence of a bipolar world at the regional level — this time with the United States and the PRC as the dominant players in the Asia–Pacific.

Japan's future orientation is also a source of major concern to Beijing. Taiwan remains a flashpoint in the short to medium term. Beijing seeks to ensure that issues relating to Taiwan and North Korea do not enhance Washington's nuclear military presence in Northeast Asia. China's nuclear neighbours have doubled following the nuclear tests by India and Pakistan in the south, joining Russia in the north. A nuclear arms race on China's vulnerable southwestern flank has the potential to sidetrack economic development, which is China's top priority. Beijing also has to weigh the consequences of a weak, unstable, nuclearized and Talibanized Pakistan for China's own security. India's overt nuclearization, the possible deployment of TMD in Japan and the growing Japanese and Indian push for permanent membership of the U.N. Security Council — all these have the potential to seriously damage China's hopes of emerging as the predominant, unchallenged power in the Asia–Pacific. That is why, the "three Souths" (*san nan*: South Asia, the South China Sea, and Southeast Asia) have now become the focus of Beijing's security attention.[76]

Emerging global strategic trends indicate to Chinese planners that the security environment is becoming more complex and uncertain, with the gradual diffusion of power and the proliferation of nuclear and ballistic missile capabilities in their immediate neighbourhood. While the threat of a global nuclear Armageddon has receded, the danger of nuclear weapons being used in regional conflicts or by separatist forces seeking independence has become real. Given the uncertainty and unpredictability of world politics, Chinese strategic experts argue that reliance on nuclear weapons as a military-political safeguard will remain a key element of the military doctrines of all major powers. Though no immediate or real nuclear threat against China exists at present, Chinese defence planners still feel the need to guard against nuclear blackmail or nuclear attack, especially at a time when proliferation seems to be gaining momentum, and the arsenals of other nuclear club members are not only well in place but are also seeing qualitative improvements. Beijing has continued with technological and research efforts to update nuclear weapons capacities, reaffirming the stance that the possession of nuclear weapons is necessary for strategic deterrence, power balance, and national security. Sha Zukang,

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head of the Chinese Foreign Ministry's Arms Control and Disarmament Department, has made it clear that China would participate in arms control talks and treaties only on condition that they do not undermine the global strategic balance or Beijing's security interests, particularly its nuclear deterrent capability. Sha has noted that a "balance of terror" has kept nuclear peace for decades and remains "the only realistic course" until such weapons are phased out.[77]

Will China Renege on its Non-Proliferation Commitments?

China's decision to adhere to or withdraw from non-proliferation agreements will be strongly influenced by perceived threats to its security from U.S. global strategy, the future of arms control treaties, developments in other NWSs and the requirements of its nuclear force posture.[78] Proliferation in China's neighbourhood would undoubtedly play a major part in reversing China's non-proliferation stance.

RMA for the West, Nukes for the Rest?

The overarching dominance of the United States, coupled with the growing military gap driven by the ongoing revolution in military affairs (RMA) may have increased the utility and relevance of nuclear weapons for both second-tier NWSs like China and non-nuclear countries, possibly as a hedge against great power intervention. It is also likely that with the rapid advances in RMA weaponry, the United States will leapfrog over its allies and adversaries and neither its allies nor adversaries will have the technological edge necessary to develop countervailing systems. Should this happen, T. V. Paul has argued that the total abolition of nuclear weapons would serve U.S. security interests as it would enhance its strategic position. Therefore, it should not be surprising "if in the 21st century, the United States emerges as the major champion of total nuclear disarmament ... However, countries with weak conventional capabilities *vis-à-vis* the US, such as Russia, China, and India, are unlikely to agree to nuclear abolition in the short run."[79] The logic of military technology advancement dictates that the revolution in military affairs will be for the rich and powerful, and WMD for the poor and weak. In asymmetric conflicts, WMD will indeed become the "poor man's nukes". For example, the United States would not have launched Operation Desert Storm (the Persian Gulf War) if Iraq had had a nuclear weapons arsenal. In short, the lessons learnt from the Gulf and Kosovo wars, the relative cheapness of a nuclear deterrent compared with modern conventional weaponry, and above all, the relatively easy access to nuclear technology and fissile material make nuclear weapons procurement an attractive option.

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The Future of Arms Control Treaties

A major factor underlying China's current ambiguous and contradictory non-proliferation policy is concern about the future of arms control treaties. Reversal of the reductions mandated by the START (Strategic Arms Reduction Talks) treaties or amendment and/or reinterpretation of the Anti-Ballistic Missile (ABM) Treaty to permit the deployment of NMD/TMD would increase China's strategic inferiority; spur another nuclear arms race between the United States, Russia, and China; force the other NWSs, such as India, to expand their nuclear arsenals; and cause threshold states and nuclear aspirants to pursue nuclear weapons programmes. Already, Chinese strategists have advised the leadership to delay ratification of the CTBT and adopt a "wait and see" policy on all arms control treaties until a new administration is in place in Washington. Beijing does not seem enthusiastic about the Fissile Material Cut-off Treaty (FMCT) either. China also remains opposed to a proposed Nuclear Weapons Convention (NWC) along the lines of the BWC and CWC. In the meantime, China is determined to push ahead with the modernization of its nuclear arsenal.

National Missile Defence and Theatre Missile Defence

Beijing worries in particular about the U.S. deployment of TMD in East Asia, especially in Japan and Taiwan.[80] Another issue related to China's nuclear deterrence concerns the U.S. proposal to deploy the NMD for the continental US (CONUS). China believes that both developments would undermine the credibility of China's nuclear deterrent, and strongly opposes both the NMD and the TMD. China has indicated that the further development or deployment of such systems could compel China to expand its nuclear arsenal and intensify its nuclear weapons modernization efforts.[81] From Beijing's perspective, the United States has long tolerated the tens of thousands of Soviet nuclear weapons; why can it not tolerate a few so-called "rogue state" missiles.

For more than a year, China held up all work at the Disarmament Commission in Geneva, both to protest missile defence plans and to focus on the U.S. proposal to amend the 1972 Anti-Ballistic Missile Treaty. Beijing believes that the TMD would spark a new global arms race and possibly what Sha Zukang calls a "nightmare scenario" of nuclear weapons proliferation.[82] Clearly, China will be reluctant to go along with American non-proliferation objectives should NMD/TMD deployments occur. The U.S. move would be accompanied by Chinese counter-measures: an increase in its missile stockpiles, modernization of its nuclear arsenal, and proliferation of WMD in countries hostile to the United States and its allies.

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Nuclear/Missile Developments in Asia

China may reverse its non-proliferation commitments if it comes to believe that its security is threatened by strategic developments in its neighbourhood. Already, indications are that the repercussions of India's nuclearization are retarding China's non-proliferation progress. A Chinese analyst, Ming Zhang, recently quoted senior officers within the PLA as saying that India's acceptance into the nuclear club would mean the collapse of the non-proliferation regime, and China would retaliate by "continuing the proliferation of nuclear technology and devices that are restricted by the NPT either intentionally or because of loopholes in its export-import system."[83] In other words, the Chinese are not only exploiting loopholes in the non-proliferation treaties but are also threatening to step up their proliferation activities. China is aware of India's potential to target it with nuclear weapons. Recent reports indicate that China has deployed nuclear-armed medium-range missiles closer to India. Beijing is also concerned at what it sees as a recent "pro-India tilt" in Washington's South Asia policy following President Clinton's recent visit to the subcontinent and the cold-shouldering of the Pakistani military regime. China's powerful military constituency is now using India's declared nuclear capability as a justification for supplying further nuclear equipment and expertise to Pakistan. Japan also has a plutonium stockpile, missile capability, and a modern and highly capable Self-Defence Force. Beijing fears the logic and pull of geopolitics is pushing Tokyo and New Delhi to a strategic alliance with the United States so as to contain China. In August 1998, Beijing warned Taipei that developing nuclear weapons would be a very dangerous step, absolutely harmful to Taiwan.[84] As one Chinese analyst has noted: "It is in China's interest to protect itself against the eventuality that someday any one or a number of its neighbours might go nuclear."[85]

China's Nuclear Force Posture

The Chinese have noted that both Russia and NATO have reaffirmed the centrality of nuclear weapons in their security strategies. As China becomes a full-fledged great power, it may conclude that substantial nuclear forces are a litmus test of great power status and move to improve both the quality and quantity of its nuclear arsenal. These changes are described as a shift in policy from "minimum deterrence" to "limited deterrence", that is, seeking a capability to deter conventional, theatre, and strategic nuclear war, and to control escalation in the event of a nuclear confrontation. Under a "limited deterrence" doctrine, China would need to acquire a counterforce capability in addition to a countervalue posture, which would require

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increased accuracy and expanded deployments.[86] China, the third largest NWS with an arsenal of approximately 450 weapons, recently earmarked nearly US$10 billion to boost the country's second-strike capability. Indeed, China's nuclear force modernization may become a determining factor in shaping the Second Nuclear Age in the twenty-first century.[87]

In short, a major deterioration in China's security environment will be necessary before Beijing reverses its non-proliferation commitments and/or introduces a major change in its nuclear force posture. The most likely short- to medium-term scenario is that China will remain a reluctant player on non-proliferation issues.

Conclusion

During the 1960s and 1970s, China had repeatedly endorsed the spread of nuclear weapons as a means of breaking the Soviet–American superpower nuclear duopoly. It did not enter into any international legal obligations, and refused to submit itself to controls and safeguards for its nuclear exports. Nuclear arms control treaties were seen as a means of maintaining and perpetuating superpower hegemony. Nonetheless, the evidence shows that between 1956 and 1976, at a time when China was still publicly supporting proliferation, it followed the practice of not providing nuclear assistance to other nations. Thus, countries such as Libya and Egypt found, much to their consternation, that Beijing did not practice what it preached.

Since the early 1980s, China has gradually and reluctantly joined other NWSs by adopting non-proliferation policies and practices, which it had previously eschewed so vociferously. Throughout the 1990s, Chinese leaders repeated China's opposition to nuclear proliferation on various occasions. At the same time, China's slow movement towards embracing the non-proliferation regime has been marred by Beijing's unsafeguarded transfers and exports of highly enriched uranium, heavy water, nuclear reactors, nuclear weapon designs, and ballistic missiles to countries of high proliferation risk, notably Pakistan, North Korea, and Iran. From the perspective of international arms controllers, Beijing's nuclear "sins" have been numerous. Despite repeated assurances to the international community since 1984, the Chinese leaders' links with would-be bomb-makers have continued. China remains a firm believer in the efficacy of balance-of-power politics. It is significant that an examination of Beijing's nuclear non-proliferation policy shows that during the 1960s and the 1970s, when the Chinese were publicly championing the cause of proliferation, *their words were not matched by their deeds.* But when

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they were actually involved in aiding the nuclear weapons programmes of other countries in the 1980s and 1990s, they refrained from eulogizing proliferation. This time again, *their deeds have not been matched by their words.*

This apparent contradiction, it is argued, can be best understood as resulting from China's tendency to use "the proliferation card" for broader security objectives, and not by a desire merely to secure hard currency or energy resources from rogue/client/subordinate states. It also serves a larger strategic purpose. To the extent that the United States, Japan, and India are preoccupied with dangers posed by Chinese-supplied conventional and unconventional weaponry in the hands of the *mullahs* of Iran, North Korea's Kim Jong Il, and the Talibanized military rulers of Pakistan, those nations will be distracted from the threat China itself poses — or at least be less capable of dealing with it. It is obvious that China's nuclear and missile technology sales continue to be an integral part of Beijing's national security strategy, both as a means of encouraging multipolarity and containing perceived rivals, and of increasing China's strategic position and influence. China is now surrounded by a number of overt or covert NWSs.

Given China's long record of broken promises, it is safe to conclude that the Chinese (and North Korean) co-operation with Pakistan and Iran in the nuclear and missile fields may well continue for the foreseeable future. The Chinese would circumvent the NNP laws, norms and guidelines if doing so would serve their geostrategic interests. For China's Asian neighbours, Beijing's notable strides to join the NNP regime will continue to be offset by its nuclear force modernization programme and further assistance to international proliferation.

China's attempts to play "the proliferation card" also reveal a tension between two broad policy options: one tends to push China towards supporting non-proliferation for its own self-interested reasons; whereas the other, by accepting the inevitability of nuclear and missile proliferation, would have China steer this process in a way beneficial to its security interests (for example, by providing nuclear and missile technology to Pakistan and Iran as a counterweight to Indian and U.S. military power in its general region). Although evidence is sketchy, it may be said that China's foreign policy establishment propounds and supports the first option, while the country's defence establishment would seem to support the second for long-term geostrategic objectives. This tension between the two contradictory policies has led Beijing to take several tactical turnabouts on the proliferation issue, and reflects the uncertain nature of China's nuclear arms control policy. An examination of Chinese perspectives

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reveals that, contrary to the common perception, China still has a long way to go before it can be said with certainty that it has fully accepted non-proliferation goals and practices. There still remain several contradictions and ambiguities in Chinese non-proliferation policy which could hinder China's slow movement towards embracing the NNP regime, despite China's growing engagement in multilateral fora. Should China's security be endangered by nuclear proliferation and TMD deployments in its vicinity, the Chinese leadership would not hesitate to provide nuclear arms aid to its regional allies if doing so undermined the security of China's perceived enemies. For all their efforts, sanctions and inducements, the Americans have not succeeded in controlling proliferation where it matters most, the Middle East and South Asia.

NOTES

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16. L. H. Gelb, "US Aides Suspect Continuing Chinese Nuclear Aid to Pakistan", *International Herald Tribune* (hereafter cited as *IHT*), 24 June 1984, pp. 1–2.
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U.S. Security Policy in Asia: Implications for China–U.S. Relations

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As the two major players in the Asia-Pacific region, China and the United States are increasingly in disagreement over security concepts and practices. In an era when Washington is trying to build a Pax Americana, Beijing feels strongly that its security interests in Asia are being challenged. The prospect of security relations between China and the United States will shape the political-security dynamics of the Asia-Pacific in the twenty-first century. While both sides will continue to pursue their security interests in Asia as they see appropriate, each has to adapt itself to the changing political, economic, and security landscape in the region and learn how to live with the other. This approach requires both countries to adjust their respective security policies as the region's geopolitical dynamics evolve.

Introduction

In the post-Cold War era, Sino–U.S. relations have been troubled constantly by three major factors: human rights, trade, and security. With the de-linking of China's human rights record from most-favoured-nation (MFN) treatment in 1994 and the closing of the Beijing–Washington marathon talks on China's World Trade Organization (WTO) membership in 1999, human rights and economics seem to be subsiding as major sources of tension on the bilateral agenda, while security issues emerging in the mid-1990s appear to be the most important factor affecting the evolution of bilateral relations in the first decade of the twenty-first century.

This article starts with an exploration of some U.S. misperceptions

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regarding China's policy objectives in the Asia-Pacific and certain important conceptual differences on security practice between Beijing and Washington. Next, it discusses how China perceives the United States' impact on its security interests. Finally, some policy recommendations will be made on how China and the United States might manage their problems. The basic argument is that, because of differences in their world-views, historical experiences, and capabilities, China and the United States have quite different security thinking, which has led to the two countries pursuing different security practices. Chinese and U.S. security interests in Asia both converge and diverge, and as the United States acts to take on China as a latent adversary, the divergence will become even more conspicuous. While both sides will continue to pursue their security interests in Asia as they see fit, each has to adapt to the changing regional political, economic, and security landscape and learn to live with the other. This requires both sides to adjust their respective security policies accordingly.

Misperceptions and Conceptual Differences

One popular perception in the United States about China's long-term policy objectives in Asia is that Beijing aspires to be the regional hegemon and to restore a Sino-centric order in this part of the world. This observation is wrong. First, Beijing believes in the trend of multipolarization rather than unipolarization at both the global and regional levels, and predicts that, with continued economic development and growing intra-regional political consultation in Asia, countries' influence on regional affairs will become more diversified and more evenly distributed. Secondly, even though China expects some relative increase in its own influence in Asia, it understands that, because of the limits of its hard power and particularly its soft power, it will not achieve a position comparable to its role in the ancient past or to America's role in the region today.

Another misperception is that, in the long run, China will endeavour to drive the United States out of East Asia. Again, this is an incorrect assumption. From Beijing's perspective, the United States is an Asia-Pacific power, although not an Asian power, and its political, economic and security interests in the region are deep-rooted, as are its commitments to regional stability and prosperity. For China, U.S. involvement in the region is not a problem and, in fact, Beijing has always welcomed a constructive U.S. role in regional affairs. At the same time, however, Beijing also feels uneasy at the way Washington has gone about its role in the region. As a superpower, the United States

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has been too dominant and too intrusive in managing regional affairs. It fails to pay due respect to the voices of other regional members, and sometimes becomes excessively involved in the internal affairs of others, lacking an understanding of, and sensitivity to, their culture, history, and values. There is no danger of the United States being driven out of East Asia, but the possibility does exist that one day it may be viewed as unwelcome by East Asian countries, and this could well lead to an undermining of the U.S. role in the region.

In addition to the above misperceptions about China's regional intentions, the United States also subscribes to some security concepts that differ from China's.

Hegemonic Stability *vis-à-vis* Security Co-operation

In the post-Cold War era, Washington has been advocating an Asia-Pacific security structure, with the United States as the sole leader, and with U.S.-led bilateral alliances as its backbone.[1] This is, in essence, the idea of hegemonic stability. Beijing believes, however, that regional security rests on the co-operation of regional members and a blend of various approaches deemed useful, such as unilateral, bilateral, multilateral, institutional and non-institutional, Track I and Track II, and not just on one country establishing a set of bilateral security alliances.[2]

Unilateral Security *vis-à-vis* Mutual Security

The United States currently possesses the most powerful armed forces in the world. However, it continues to invest heavily in its defence industries to develop even more sophisticated weapons systems, so as to keep its superiority in both conventional and strategic weaponry. At the same time, Washington has been endeavouring to develop both national missile defence (NMD) and theater missile defence (TMD) systems, protecting itself from possible attack by other countries. Once the United States has upgraded its offensive and defensive capabilities, its security would be much enhanced. However, this kind of unilateral security would be at the expense of the security of other countries.

The Chinese believe that security is always mutual, and when one side tries to enhance its security, it has to take into account the impact on the security of others. In other words, while any country has the legitimate right to develop its defensive and offensive capabilities as it deems fit, a responsible power should avoid seeking unilateral security, and instead promote mutual or common security. In this regard, Beijing

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has criticized the U.S. effort to build NMD and TMD because these would undermine both regional and global strategic stability.

Absolute Security *vis-à-vis* Relative Security

In terms of capability, the United States is now the most secure country in the world. Any other country that initiates an attack on the United States would invite destructive retaliation from the formidable American war machine. Gauged in terms of a national security coefficient, the United States is now 99 per cent secure in dealing with external military threats. Yet, Washington seems intent on seeking absolute, or 100 per cent security by continuing to invest heavily in research and development (R&D) for both defensive and offensive weapon systems. Nevertheless, if the United States were 100 per cent secure, then other countries would be 100 per cent insecure, and totally subject to threats or coercion by the former. To avoid such a situation, they would certainly react by developing their own means, and this would very likely create a vicious cycle of arms build-up, wasting resources and, at some point, increasing tensions. The Chinese, on the other hand, believe in relative over absolute security. They would be more contented with preserving a reliable deterrence capability, both conventional and strategic, than with seeking 100 per cent security. As Chinese security experts have contended, there is simply no such thing as absolute security, and any effort geared in that direction is both irresponsible and futile.

Military Security *vis-à-vis* Comprehensive Security

In the post-Cold War era, with the decline of the likelihood of war between the major powers and the rise of non-traditional security challenges, military means have become less relevant in the national security equation. Nonetheless, the United States remains heavily dependent upon military approaches, emphasizing the preservation of superior military power, strengthening security alliances, and maintaining forward-deployed military forces. Ironically, the United States has used force even more frequently over the past decade than it did during the Cold War.[3] In contrast to the force-prone military security approach of the United States, China has been advocating comprehensive security since the end of the Cold War. In Beijing's view, security can best be enhanced by improving political relations, expanding economic interactions and pursuing security co-operation, such as transparency, confidence-building measures (CBMs), and military-to-military relations. China believes that over-reliance on

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military approaches is not only unhelpful for resolving disputes, but also runs counter to the prevailing trend of peace and development in the post-Cold War security environment.[4]

Alignment Security *vis-à-vis* Non-alignment Security

During the Cold War era, the United States forged security alliances with many countries in the world to pursue strategic competition with the Soviet Union and to contain the communist countries. With the end of the Cold War, Washington expanded the North Atlantic Treaty Organization (NATO) in Europe and reaffirmed its security alliance with Japan. American policy-makers have continuously suggested that security alliances, together with forward military deployments, remain the basis for U.S. security strategy in the Asia-Pacific. From a Chinese perspective, security alliances are relics of Cold War and bloc politics. With the end of the Cold War and the collapse of the Soviet bloc, there should be no reason to preserve, much less expand or strengthen, military blocs. Beijing believes that security cannot be pursued either through an excessive military build-up or security alliances. Military blocs, while enhancing the security of some countries, undermine that of others, causes suspicion and division, and even encourages confrontation among regional states. Therefore, China advocates the replacement of military blocs with regular state-to-state relations, and with a stress on improving and enhancing political and economic relations.[5]

The differences in security concepts between China and the United States arise from a range of factors. One is the difference in their respective world-views. Washington believes that this is a unipolar world, with the United States as the lead power, and the idea of hegemonic stability is nothing but a corollary to this logic. On the other hand, Beijing insists on the trend of multi-polarization and rejects the idea of security under U.S. leadership. The second factor arises from the different situations confronting the United States and China today. The United States, as the only superpower in the post-Cold War world, feels less subject to external constraints on the use of force. With more resources than any other country in the world, it has the material means for seeking military superiority and absolute security. China, as a developing country, would rather devote most of its limited resources to its economic development, valuing a peaceful international environment in which disputes between nations are managed by peaceful means. A third factor relates to different historical experiences. The United States benefited from its alliance arrangements during the Cold War and seems to want to preserve these arrangements

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in the post-Cold War world. China, on the other hand, does not have good memories of its alliance with the Soviet Union. Furthermore, the U.S. alliance arrangements in Asia were once directly or indirectly aimed at China, and Beijing suspects that, if necessary, Washington would once again use them against China. Beijing has aired such concerns with regard to the U.S.–Japan alliance, particularly its possible impact on the Taiwan issue. The last factor is the divergence in philosophical thinking about security between the United States and China. The Americans are basically technology determinists and believe in the power of technology. In their view, with technological progress, everything is possible. The Chinese are more dialectical in their thinking. They believe nothing is absolute, and everything is relative and constantly changing; if one side develops capable defensive or offensive weapons systems, then the other side will respond by developing its own means to nullify that capability.

How the United States Affects China's Security Interests

The U.S. security policy in the Asia-Pacific region directly affects China's security interests, either positively or negatively. The positive side of that effect would include the following:

- The United States has been playing a key role in maintaining a generally stable security environment in East Asia since the end of the Vietnam War, and China has been both a significant contributor to, and a major beneficiary of, peace and stability in the region.
- The United States policy towards Japan, albeit experiencing some problems, has so far helped to ensure that Japan remains a pacifist country, serving the interests of both Japan and the entire region.
- On the Korean peninsula, China and the United States share three policy goals: that war does not break out between the North and South; that there are no nuclear weapons on the peninsula; and that North Korea does not collapse. In fact, China and the United States are the two major countries that have helped North Korea to tide over its food shortages during the past several years. Looking into the future, both Beijing and Washington welcome the reconciliation and peaceful integration of the two Koreas.
- In South Asia, both China and the United States would like to see the peaceful settlement of the India–Pakistan dispute over Kashmir and a halt to the nuclear arms race between New Delhi and Islamabad.

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- Even on the Taiwan issue — a highly contentious one between China and the United States — Washington's "one China" policy since the late 1970s has contributed to stability across the Taiwan Strait. Furthermore, Washington's opposition to Taiwan's development or procurement of nuclear weapons also serves China's interests.

While the above commonality of interests has helped underpin regional stability and has promoted the development of China–U.S. relations, some U.S. security practices in the Asia-Pacific constrains, undermines, and challenges China's security interests. These not only obstruct the development of bilateral ties, but also raise questions about regional stability.

There are three aspects to China's security interests in the Asia-Pacific region: stability on China's periphery, a favourable strategic environment in the Asia-Pacific, and China's peaceful reunification with Taiwan. U.S. security policy in Asia directly affects China's security interests on all these three issues.

The Korean peninsula is one of China's major concerns in terms of stability along China's periphery. In the short term, China and the United States seem to have common interests on this issue. In the long run, however, Washington's strategy is of grave concern to Beijing. Policy-makers in Washington have already made it clear that after Korean reunification, the United States would still want to keep its security alliance with a unified Korea and maintain its military presence on the peninsula.[6] In other words, Washington wishes to see a security arrangement in a unified Korea that allows it to use the peninsula as its strategic stronghold in East Asia. This would certainly have a negative impact on China's security interests. For geostrategic reasons, China naturally feels concerned with any security presence of other major powers on the peninsula. Although China does not intend to turn the peninsula into its own backyard or sphere of influence, it would certainly be undesirable to China if any other powers attempted to do so for themselves.

Any security arrangement in a post-unified Korea is subject to a number of variables. First and foremost, it depends on the security needs and public opinion on the peninsula. Secondly, the concerns of the surrounding countries should be taken into account, and post-unification security arrangements on the peninsula should help shape a better security environment, not worsen it. Thirdly, such arrangements should take a forward-looking posture and reflect the emerging political, economic, and security realities in East Asia, where political reconciliation, economic integration, and security co-operation now

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dominate the pattern of interactions among member states. Unification of the two Koreas will allow the peninsula an opportunity to free itself from major-power competition, which had brought misfortune to the Korean people in the twentieth century. In this sense, it is desirable for a unified Korea to adopt a neutral strategic orientation in its security arrangements.

In Southeast Asia, China's major security concern lies with the South China Sea dispute. Although Washington claims that it only wants a peaceful solution to the dispute, to uphold freedom of navigation in the region, and that it has no intention of getting involved either in the dispute or in taking a position on the claims of the various parties concerned, Beijing has reason to be concerned with some U.S. actions in this regard. Since the Mischief Reef incident in 1995, the U.S. position on the South China Sea dispute has shifted from "passive neutrality" to "active neutrality," and it is not difficult to detect an anti-China tone in official U.S. rhetoric. Since 1995, the United States has also stepped up its security presence in the region, including port access arrangements with Southeast Asian states, and starting from 2000, annual medium-sized joint military exercises with the Philippines. Undoubtedly, increasing the U.S. military presence is intended to "constrict" Chinese activities in the South China Sea. In addition, the United States has been working hard to encourage Southeast Asian states to form a kind of "united front" against China with regard to both the South China Sea dispute and the rise of Chinese power. For instance, during his visit to Vietnam in March 2000, U.S. Secretary of Defense William Cohen even openly made such an appeal to Hanoi.[7] Washington has also expressed its interest in seeing the South China Sea issue discussed within the ASEAN Regional Forum (ARF), in spite of the Chinese preference for addressing the issue bilaterally with other claimant states. According to Washington's calculus, if this issue were brought to the ARF agenda, not only would the ASEAN states act in concert against China, but the United States, and possibly Japan, could also weigh-in on the matter to the detriment of China. From the Chinese perspective, given U.S. security ties with the Philippines and other ASEAN states, as well as U.S. strategic intentions towards China, Washington cannot act as an "honest broker", and U.S. involvement can only further complicate the problem.

Since the 1990s, Central Asia has become increasingly important to China's peripheral security. With the collapse of the Soviet Union, Islamic fundamentalism has extended its influence into the newly independent Central Asian states and infiltrated into Xinjiang, a Chinese Muslim-majority province. The separatist groups in Xinjiang are believed to receive financial, armed, and other material assistance

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from some Central Asian countries. On another front, since the mid-1990s, China has become a net oil-importer, and Beijing is interested in securing oil supplies from the Caspian Sea region where oil can be transported by pipeline to China through Central Asia. This is more convenient and possibly less expensive than shipping oil from the Middle East. However, in the past several years, the United States has extended its activities into this region for strategic, political, and energy considerations. Washington has strengthened its military co-operation with some Central Asian countries (including joint military exercises, training, and provision of armaments) and has shown great interest in bringing Central Asia into NATO. Security experts in China believe that, by securing a strategic foothold in Central Asia, the United States is straining China's peripheral security on that front. Some may argue that the United States has legitimate security interests in that region. The question is how far it should go in pursuing those interests without being provocative. As Amy Jaffe and Robert Manning have correctly pointed out: "Imagine the American reaction if the Chinese army held joint exercises with Mexico across the border from San Diego."[8]

With regard to a favourable regional strategic environment, Beijing attaches importance to the following three major indicators: a rough balance of power among major powers in the region; no U.S. intentions to "contain" China either single-handedly or together with other countries; and maintenance of a credible strategic deterrence *vis-à-vis* other major powers. Presently, Beijing believes that all these three indicators have been negative for China, as a result of a series of U.S. policy initiatives starting in the mid-1990s.

As a major actor in the Asia-Pacific, China is very sensitive to any shift in the regional power balance. In the wake of the Cold War, Beijing predicted two emerging trends in East Asia. One trend is the rise of China and Japan relative to Russia and, to a lesser extent, the United States. The other trend is the widening multipolarization process in the region, which features the growing influence in regional affairs of China, Japan, ASEAN, and even South Korea. Although these developments present both challenges and opportunities to China, Beijing believes that overall they represent the right orientation of international politics in East Asia, helping to address the long-standing imbalance of power in the region and allowing Asians to project more influence in regional affairs. However, the redefinition of the U.S.–Japan alliance is seen as thwarting these trends and tilting the regional power balance against China. In Beijing's opinion, a redefined U.S.–Japan alliance presages a Washington–Tokyo condominium on regional affairs and smacks of an ulterior motive to marginalize China. In the final analysis, China has either to accept a submissive position in a

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regional system dominated by the United States and Japan, or remain isolated. Both outcomes are undesirable. Redefining the U.S.–Japan alliance also provides Japan with a legitimate cover to play a more active role in regional security and to further build up its already impressive military capabilities.[9] Indeed, it seems that it is merely a matter of time before Japan will abandon the constraints of the Peace Constitution and behave like a major military power.[10] For historical and geopolitical reasons, China does not see this outcome as being in its interests. Specifically, Beijing is concerned over issues such as how far Japan will go in building up its military muscle, how Japan will exercise its expanding military strength once the Peace Constitution is revised, and how Japan, as a major military power, will affect the regional balance of power.

In the mid-1990s, in the midst of a debate in the United States over whether to contain or engage a rising China, Washington's strategy towards Beijing moved steadily in the direction of preventing China from becoming a challenger to the United States. The U.S. strategy towards China is viewed in Beijing as a blend of deterrence and engagement. On the security front, a tactic of constraint and prevention is applied. The United States has been paying more attention to China's defence modernization process and is trying to slow it down by obstructing China's procurement of advanced defence technology and weapon systems from other countries.[11] U.S. security arrangements in the region, such as the U.S.–Japan alliance, and U.S. security linkages to Southeast Asian countries, manifest a strong inclination to check China. On the political front, Washington has been attempting to influence China's internal political developments by keeping up the pressure on human rights issues in China. In contrast to the 1980s when the United States was willing to see a stronger China against Soviet expansionism, in the 1990s and thereafter, the United States has been more concerned with China's growing capabilities and, as a result, U.S. political-strategic pressure on China has built up steadily. In other words, the United States has not yet started to contain China; but it certainly has acted to guard against and constrict China.

Threatened twice by the United States with nuclear strikes in the 1950s (first during the Korean War and then in the first Taiwan Strait crisis), China was forced to develop a strategic arsenal and become a nuclear power in the mid-1960s. However, Beijing was content with a credible minimum strategic deterrent *vis-à-vis* other major powers and, therefore, was not involved in the strategic arms race between Washington and Moscow during the Cold War. From the Chinese perspective, a credible minimum strategic deterrence would provide China with some degree of relative security. As a developing country,

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China would have been unwise to spend too much on a strategic arsenal. However, U.S. plans to develop both the NMD and TMD undermine Beijing's confidence in its own strategic deterrence. By initiating both the NMD and TMD programmes, the United States will be able not merely to nullify China's strategic deterrence, but also develop more advanced offensive weaponry with technologies generated by such programmes. Moreover, by bringing Japan into the research and development (R&D) of TMD programmes, Tokyo will be able to share the related missile technology and further improve its missile capability. Under such circumstances, if Beijing is to maintain a credible minimum strategic deterrence, it has to enhance substantially its strategic weapons programme, both qualitatively and quantitatively. Some may argue that China would still upgrade its strategic arsenal with or without the NMD and TMD programmes, but the pace and scale of the modernization efforts would be much lower than if Washington went ahead with these programmes. Under pressure from American actions, Beijing now has no choice but to devote more resources than it would otherwise do, and with greater urgency to its strategic arsenal.[12]

For historical, political, nationalistic, and strategic reasons, the Taiwan issue is right at the top of China's strategic agenda. Since 1979, Beijing has been pursuing a peaceful solution to the issue, and it views U.S. involvement in it as a major obstacle in achieving this goal. In general, the Chinese hold three assumptions about U.S. policy towards Taiwan. Strategically, the United States still views Taiwan as part of its "sphere of influence" in the Western Pacific, a quasi-ally in the region. Politically, the United States favours Taiwan's independence, but because such an event would certainly precipitate a war across the Taiwan Strait, and Washington does not want to go to war for Taiwan's independence, it prefers the *status quo* to be maintained, that is, the *de facto* independence of Taiwan. Militarily, the United States will continue to provide Taiwan with all kinds of assistance, including the transfer of advanced armaments and military technology, intelligence, and training. Should China resort to the use of force to unify Taiwan, the United States would certainly intervene. The Chinese particularly find it intolerable that political and military relations between Washington and Taipei continue to expand. After the normalization of Sino–U.S. relations, Washington was supposed to maintain "unofficial relations" with Taipei, as stipulated in the normalization communiqué. However, the United States has instead maintained quasi-official relations with Taiwan from the very outset, and the Taiwan Relations Act has accorded Taiwan legal status as a state. Since the end of the Cold War, political ties between Washington and Taipei have been enhanced significantly, now that members of the U.S. Cabinet, except

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the Secretaries of State and Defense, can visit Taiwan, while Taiwan's Cabinet members, except for its Defence Minister, can travel to the United States. In 1995, as Taiwan's President, Lee Teng-hui was even granted a visa to visit Cornell University, allegedly on a private trip, but which turned out to be a highly political one.

What Beijing feels most aggrieved about are U.S.–Taiwan military ties. Firstly, the frequent transfer of large quantities of advanced weapons to Taiwan violates the 1982 communiqué signed by Beijing and Washington in which the United States promised to reduce gradually its arms sales to Taiwan. In 1992, the Bush Administration announced the sale of 150 F-16 aircraft to Taiwan; and, in 1994, President Clinton signed a U.S. Congressional resolution into law which stated that the Taiwan Relations Act should take precedence over the three communiqués between China and the United States with regard to U.S. arms sales to Taiwan. These actions have served to undermine U.S. credibility in its commitments on arms transfers to Taiwan. Secondly, Washington has always claimed that the continuing arms supply to Taiwan would enhance the island's sense of security and that the more secure Taiwan feels, the more likely Taipei would be willing to sit down to negotiate with Beijing. This is simply not true. In fact, the more weapons Taiwan secures, the more reluctant it will be to talk to the mainland. In other words, U.S. military assistance to Taiwan has given Taipei a false sense of security and, as a result, it has resisted any political solution to the entanglement between the two sides of the Taiwan Strait. Thirdly, U.S. military assistance also encourages separatist elements in Taiwan who believe that, with advanced weapon systems procured from the United States and the promise under the Taiwan Relations Act of U.S. military protection in the event of a crisis, Taiwan can do whatever it wants. Finally, if the separatist forces in Taiwan push matters to the brink by seeking *de jure* independence for the island, Beijing will have to use force to preserve China's sovereignty and territorial integrity. Should such a war break out across the Taiwan Strait, U.S. weapons will be used by the separatists against China. In sum, while Washington claims it prefers a peaceful solution to the Taiwan question, its military assistance to Taiwan — particularly arms transfers — has undermined the prospect of a peaceful settlement.

The U.S. challenges to China's security interests can be attributed to three factors. One is the desire to establish a hegemonic order in the Asia-Pacific and, for that purpose, to install a U.S.-led regional system which Beijing regards as threatening. Another is the overreaction to the rise of China. For ideological or strategic reasons, many people in the United States view the rise of China as a major challenge, and some even compare China to Germany before the two world wars. Therefore,

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while Washington has taken certain measures which it believes to be purely preventive, these are, in many cases, offensive and excessive, causing China to feel encircled and constricted. Third is the lack of understanding on the part of the United States with regard to China's legitimate national interests, especially on the Taiwan issue. Despite the fact that the United States fought a civil war to maintain its own national unity, it does not view China's aspiration for national unification sympathetically; because of domestic political and commercial factors, policy-makers in Washington are simply not willing to take a more reasonable and responsible stance on the Taiwan issue.

Policy Recommendations

For Washington, relations with a rising China will affect the nature of the U.S. role in the Asia-Pacific and, to a lesser extent, in the rest of the world. For Beijing, ties with the United States will have a determining effect on the process of China's re-emergence as a great power. In the interests of the two countries and the entire region, both China and the United States should learn to live with each other, and both should adapt themselves to the changing regional political and security landscape. Being the only superpower and, therefore, in a better position to take the initiative in Sino–American relations, Washington has greater leeway in adjusting its security policy in Asia.

The Taiwan question is the crux of U.S.–China security entanglements. It is probably the only issue that can ignite a major military conflict between Beijing and Washington and destroy bilateral ties completely. To untie this knot, the United States should take a fresh look at the issue. It has to understand that this is basically a matter of nation-building for China and should not make it an American issue either for geopolitical or ideological reasons. Much has been said about China's burgeoning nationalism which, given the waning influence of ideology, is actually a rediscovery, and an ardent pursuit of China's national interests. If there is any issue that can re-ignite the flame of China's nationalism, it is the Taiwan question. The past has shown that when the United States confronted nationalism in other countries, such a confrontation seldom ended well. Secondly, in the long term, if Taiwan is to attain increased security, international space, and more economic opportunities, it will have to accept some form of association with the mainland, while preserving political autonomy. If Taiwan seeks formal independence, it seems certain that Beijing will have to resort to the use of force, and even if the PRC is not able to take over Taiwan, it can certainly throw the island into chaos. Should the United

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States intervene, it will have to make an extremely difficult decision about what price it would be willing to pay for such an intervention. To be sure, U.S. military involvement will not put an end to the problem, but is likely to create even larger problems across the Taiwan Strait. Compared with such an unpalatable scenario, a peaceful unification across the Taiwan Strait will be in the best interests of Beijing, Taipei, and Washington. Thirdly, as long as the current U.S.' Taiwan policy remains, Washington will never be able to place its relations with the rising power on a solid basis. Beijing will harbour suspicions and concerns about the U.S. security presence in East Asia, and would be unwilling to endorse U.S. leadership and strategic initiatives in both regional and global settings. Should the Taiwan issue be resolved peacefully, however, China will become a *status quo* power in the political-security sense, Sino–U.S. relations would be far more stable, healthy and constructive, and China–U.S. co-operation would become a strong force for regional security and prosperity. As Mao Zedong told Richard Nixon in 1972, "the world is a big thing, and Taiwan is a small thing". The United States should not allow its hands to be tied up with the Taiwan issue if it believes there are more important global issues to attend to.

Based on the above understanding, Washington should encourage Taipei to sit down and negotiate with Beijing on a reasonable arrangement for unification. Meanwhile, on the issue of arms sales to Taiwan, the United States should adopt a more sensible and responsible approach. It should take into account the negative impact of arms sales on Taiwan's political dynamics, and should avoid focusing on the military balance across the Taiwan Strait. Instead of claiming that the Taiwan issue is up to the two sides of the Taiwan Strait to resolve, while continuing to sell weapons to Taipei, Washington could act as an honest broker by coming up with some useful and creative ideas about reconciliation across the Strait.

With regard to the U.S. forward-deployed military presence in East Asia, although admittedly this posture has provided the United States with strategic influence in the region since the end of World War II, and Washington has a heavy stake in preserving this strategic condition for the foreseeable future, the rationale for maintaining substantial military deployments in Northeast Asia is fading. With the ongoing reconciliation and eventual reunification of the Korean peninsula, a large U.S. military presence in the region will be politically unsustainable, both domestically (in the United States) and in Northeast Asia. As the international environment changes, Washington should try to find new ways to enhance its influence. For instance, base-access arrangements would be more sustainable politically, and less

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expensive financially, than would fixed bases. Moreover, the revolution in military affairs (RMA) and improvement of rapid-reaction capabilities would make it unnecessary for the United States to keep large armed forces abroad. In fact, at a time of growing economic interdependence and deepening regional integration, it is more appropriate for the United States to take the lead in shaping the rules of the game and building a security community than in seeking influence through military might.

On the issue of U.S. security alliances in the Asia-Pacific region, it is clear that, as Washington has redefined its security ties with Japan and others, it has alarmed and alienated those like China who have become very suspicious of U.S. strategic intentions. When countries feel threatened, they naturally respond by aligning themselves with each other. For instance, the Chinese–Russian partnership, although still far from being an alliance, has become more substantive in recent years in response to what Beijing and Moscow perceive to be aggressive and reckless U.S. security behaviour in Asia and Europe. As a result, at a time when countries in the Asia-Pacific region are supposed to be building a community that promotes security for all regional members, reliance on security alliances has deepened the division. To address this problem, Washington should lay more stress on the political rather than the military functions of its alliance structure — that is, to seek closer diplomatic consultation and co-ordination among its allies in dealing with regional issues, and abstain from sabre-rattling. In fact, as the Korean issue moves gradually towards a political solution, the military rationale for the U.S. security alliances in Northeast Asia (with Korea and Japan) is being eroded.

Foresight is needed in projecting America's security strategy towards the Asia-Pacific. Given the evolving political, security, and economic trends in East Asia, the U.S. security involvement in the region ten years from now will have to be transformed, both in form and substance. The U.S. forward military presence will decline, security alliances will become less relevant as an instrument of U.S. security policy, and a pluralistic security community will very likely emerge. Some may argue that without shared values it is impossible to forge a security community. However, co-operation among Moscow, Washington, and London during World War II and Sino–U.S. co-operation during the 1970s and 1980s against the Soviet Union suggest that this is a flawed argument. The formation of a security community in the Asia-Pacific region is possible because states there share an interest in a peaceful and stable security environment, and they have increasingly benefited from growing economic interactions among themselves. Such a community is feasible also because relations among

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the major powers will become more stable after a period of adjustment, and the nascent mechanism for regional security will evolve over time into a more effective means for promoting regional co-operation on security issues. Here, "pluralistic" means that the community is not based on a sole footing, but on various factors such as the consensus of major powers, residual security alliances, and regional or sub-regional mechanisms. In this context, the United States will continue to play a key role, but not as a hegemon, and its approaches to regional security will have to be reshaped so as to fit into the new security structure in East Asia.

With respect to Japan's future development, although it is mainly Japan's internal dynamics which propels it towards the status of a normal major power, other parties, particularly the United States, do have a role in determining what kind of major power Japan will turn out to be. It is in the interest of both the region and Japan itself that it remains a civilian power rather than become a traditional political-military power. However, the current U.S. policy, as reflected by the redefined U.S.–Japan security alliance, the rise of conservative political forces and nationalism in Japan, and the perceived shift in Japan's security environment are all propelling Japan towards becoming a major political-military power. It should be noted that in the past several years Japan has increased its military capabilities. Calls to revise Japan's Peace Constitution, particularly Article 9, have been growing among the Japanese political and intellectual élite, and such a revision could well occur in the next five years. Under such circumstances, it is highly desirable for Washington, through internal debate and through consultations with regional members, to develop a clear view about how far Japan should go in strengthening its military muscle, and strongly and effectively convey this view to Tokyo. On the issue of revising the Peace Constitution, Washington, together with other countries, should advise Tokyo to deal with it in a responsible way and to preserve its most important political legacy from World War II, namely, Japan as a pacifist country.

On the issue of the deployment of TMD in East Asia, Washington should realize that there is no such thing as "absolute security". While technological progress improves defensive means, it also enhances offensive means. As a responsible power, the United States should avoid altering the existing strategic balance in the region and consequently cause an arms race. In fact, with the reduction of tensions on the Korean peninsula following the intra-Korean summit and the gradual improvement of U.S.–North Korean relations, the ostensible reason for deploying TMD in East Asia — that is, coping with Pyongyang's missile threat — no longer carries much weight. As long as

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North Korea maintains a moratorium on its long-range missile programme, Washington should reciprocate by freezing its TMD programme and undertake diplomatic efforts to promote arms control measures in Northeast Asia.

What, then, should China do? To be sure, China is far inferior to the United States in the Asia-Pacific balance of power, and it is basically in a defensive and reactive position *vis-à-vis* the United States in both the regional and bilateral contexts. This means that Beijing does not have much leeway in adjusting its posture. However, as a rising power, China needs to assure the United States — and other regional states as well — that it has no intentions in projecting a negative impact on the existing regional order, and as long as its legitimate security interests are accommodated, it can live with a regional security structure in which the United States plays a primary role. In this regard, Beijing can adjust its policy by taking the following steps. First, it can give due credit to Washington for its role in regional peace and stability. In the 1970s and 1980s, the United States played a significant role in resisting Soviet expansionism in Asia. In the post-Cold War era, the United States is still an important force for stability. Owing to ideological constraints and suspicion of U.S. strategic intentions towards China, Beijing does not want to overtly give credit to U.S. influence in Asian security. However, acknowledging the positive aspects of the U.S. role would help dispel Washington's concern that China's long-term strategy is to drive the United States out of East Asia. It would also give more weight to Beijing's criticism of the downside of U.S. policy in the region and make Beijing's position on regional security appear more reasonable.

Secondly, China should promote the building of a security community in the Asia-Pacific and encourage the United States, as well as some other countries, to take a leading role in such an endeavour. As a major power, China has traditionally preferred a self-help approach in its security practice. However, the evolving political and economic trends in the Asia-Pacific are leading the region towards greater integration, and forging a security community has become the common aspiration of most regional members. Although Beijing may be afraid of getting constrained in such a community, its experience with the ASEAN Regional Forum and its security co-operation with Russia, Kazakhstan, Tajikistan, and Kyrgyzstan should have given it greater confidence. In fact, the past several years have witnessed a positive change in Beijing's attitude towards multilateral security. However, Beijing has to make substantive efforts, both conceptually and in practice, in order to advance security community-building in the region. In the meantime, it is another challenge for Beijing to secure U.S. support for such a process. Needless to say, as the most influential

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security actor in the Asia-Pacific, Washington's attitude is crucial. Beijing, through its own behaviour in this regard, as well as through joint efforts with other regional states, should persuade Washington to alter its traditional security practice — unilateralism and alignments — and take the leading role in forging an Asia-Pacific security community.

Thirdly, on the issue of U.S. security alliances and military presence in Asia, given the fact that Washington will rely on these security means pending a major change in the geopolitical landscape (particularly in Northeast Asia), Beijing can take a more pragmatic and differentiated stance. For instance, as long as U.S. security arrangements in the region are not targeted against China and the United States does not intervene in the Taiwan issue, China would not challenge U.S. efforts at preserving those structures. Conceptually, while Beijing might keep arguing that security alliances and a forward military presence are relics of the Cold War, in practical terms, as long as those means serve to promote regional stability, China can adopt a band-wagoning approach. This will send a reassuring message to the United States and other regional states regarding China's intentions in Asia.

After the new U.S. administration takes office in January 2001, it will be interesting to see what new directions are charted in U.S. security policy in Asia, and how they might affect Sino–American relations. If George W. Bush becomes President, the Republicans will pursue a China policy based on the assumption that China is a "strategic competitor" to the United States. Washington will likely seek to strengthen further its military posture in Asia, encourage Japan to increase its military capabilities and play a more active role in Asian security affairs, continue to develop its NMD and TMD programmes, and provide more military assistance to Taiwan, possibly including the sale of Aegis destroyers. If all this happens, Beijing will come under growing strategic pressure from the United States and would certainly have to take some kind of drastic response. The consequences for Sino–American ties would be very grave.

If Al Gore wins the presidential election, the Democratic administration may be less confrontational and hostile towards China, and would likely continue Clinton's China policy. However, issues such as arms sales to Taiwan and TMD deployment in East Asia would remain major sources of tension between China and the United States.

No matter what the next U.S. administration looks like, Sino–American relations have reached a stage where differences on security problems require Beijing and Washington to engage each other in a serious, open-minded and constructive strategic dialogue.

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NOTES

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1. See, for example, James A. Baker III, "America in Asia: Emerging Architecture for a Pacific Community", *Foreign Affairs* 70, no. 5 (1991).
2. Cheng Ruisheng, "On China's New Policies towards Asia Pacific Security", *International Studies*, no. 3 (1999).
3. For instance, the United States used forces abroad approximately forty times in the 1990s.
4. Informational Office of the State Council of the People's Republic of China, *China's National Defense*, Beijing (July 1998).
5. For instance, in the post-Cold war era, China has been trying to develop partnerships of various types with countries such as Russia, France, ASEAN, the United States, Japan, and so forth, with the aim of improving its security environment and promoting co-operation with those countries.
6. U.S. Secretary of Defense William Cohen talked about this on several occasions. Additionally, in a report released in late 1998 entitled, *The United States Security Strategy for the East Asia-Pacific Region*, the Pentagon also clearly stated Washington's position on this issue. The report said, "The United States welcomes the public statements of ROK President Kim Dae–Jung affirming the value of the bilateral alliance and the U.S. military presence even after reunification of the Korean Peninsula. The U.S. strongly agrees that our alliance and military presence will continue to support stability both on the Korean Peninsula and throughout the region after North Korea is no longer a threat" (p. 62).
7. Editorial, "Bully in the South China Sea", *Wall Street Journal*, 17 March 2000.
8. Amy Myers Jaffe and Robert Manning, "The Shocks of a World of Cheap Oil", *Foreign Affairs* 79, no. 1 (2000): 25.
9. On China's security concern over Japan, see, among others, Wu Xinbo, "The Security Dimension of Sino–Japanese Relations: Warily Watching One Another." *Asian Survey* 49, no. 2 (March/April 2000).
10. Some in China argue that Japan is already a major military power in terms of its military capability. However, owing to the constraints of the Peace Constitution, Japan cannot use its military strength to pursue its foreign policy objectives. In this sense, Japan is not yet a major military power. It is more accurate to say that Japan is a latent military power.
11. The latest example is the U.S. opposition to Israel's sale of airborne radar to China. See Jane Perlez, "Israel Drops Plan to Sell Air Radar to China Military", *New York Times*, 13 July 2000, pp. 1 & 12.
12. Although President Clinton has decided not to authorize the deployment of NMD at present, given the strong pressure from the Congress and the defence industry, his successor, whether a Democratic or Republican, will have to endorse a limited or unlimited NMD.

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Indonesia's Foreign Policy under Abdurrahman Wahid: Radical or Status Quo State?[1]

ANTHONY L. SMITH

When Abdurrahman Wahid first came to power in Indonesia there was some alarm over the direction of Indonesia's foreign policy. However, the reality is that Abdurrahman's foreign policy has been more orthodox than some of his earlier rhetoric might have indicated. Indonesia needs the developed world as a source of funding to revive its economy. In terms of foreign diplomacy, Indonesia has successfully gained reassurances from the international community of its territorial integrity. ASEAN also remains central to Jakarta's foreign policy outlook. The issue of East Timor is still a crucial sticking point between Indonesia and a number of Western countries. The United States, in particular, is reluctant to push Indonesia too far as it is believed that the Abdurrahman presidency is the least desirable alternative in domestic and foreign policy terms.

Introduction

Since the fall of Soeharto in May 1998, the East Timor crisis of 1999, and the emergence of Abdurrahman Wahid (or Gus Dur) as Indonesian President, there has been much press and diplomatic corps speculation about the likely direction of Indonesia's foreign policy. In particular, there has been an expressed concern that Indonesia is turning away from the West, after the bitterness over East Timor, and seeking to forge a common front with some of the leading nations in Asia. This has become known in the popular media as Gus Dur's "Asia card" — whatever this might mean. Since assuming office, President Abdurrahman Wahid has made a number of statements about the

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direction of Indonesia's foreign policy. With any leader — and with Gus Dur in particular — it might be imprudent to take all of these statements at face value. It is necessary to try to determine what is personality-driven — that is to say what is driven by the person of the President — and what is institutionally-driven.

Although Soeharto's New Order is now part of history, it is important to examine some of the main themes of Indonesia's foreign policy in the not too distant past as this will shed some light on recent events. While it is true that Indonesia under President Abdurrahman may be looking to lessen its dependence on the West, what is seen as a break with Soeharto's supposed "pro-Western" stance tends to accentuate differences that may not exist in reality. Indicative of the literature that assumes that Soeharto was completely pro-Western, or even a Western lackey, is the fairly recent article by Noam Chomsky entitled, "Indonesia, the Master Card in Washington's Hand".[2] This kind of statement tends to obscure the fact that Indonesia is a decidedly non-aligned state with aspirations to Third World leadership. Links with the West, which had held economic and diplomatic value for Soeharto's New Order, were only part of the equation. Strengthening ties with other developing countries is not unique to the current Indonesian administration. Therefore, Abdurrahman's activism in the Third World — with regard to trying to forge greater links with China and India, or recent noises about a visit to Iraq — must be seen in that light. Another scholar has remarked that: "Wahid's Indonesia is now seeking to play 'the Asia card' in its relations with the West. In other words, it's back to the days of Sukarno's Indonesia of the 1960s. Who said, the future doesn't resemble the past."[3] It is the contention of this article that President Abdurrahman Wahid's foreign policy is more continuous with that of the Soeharto administration than this sort of quotation would seem to suggest.

Indonesia wishes to continue to play its part as a good international citizen, and it is too early to predict emerging radicalism in Indonesia's foreign policy. The core concerns remain, including a stable international order; the desire for an enhanced reputation; the need to have strong relations with the neighbouring ASEAN (Association of Southeast Asian Nations) states; the need for support from the global community for its existing borders (notably with regard to Aceh and Papua); the need for funding from the International Monetary Fund (IMF) and the wider international community; and the need for trade and investment, principally from the developed world. While this is continuous with Soeharto's New Order, it is also apparent that an important change has occurred at an ideological level. The major change is that the nature of the Indonesian state has altered inexorably

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and this will continue to have a modifying impact on foreign policy in the future.

The Sources of Indonesia's Foreign Policy

It is important to understand a number of factors with regard to Indonesia in order to appreciate its aspirations as a member of the global community. Indonesia aspires to regional leadership in the first instance, and global leadership in the second. These expectations are based on the following factors:

1. Indonesia's population, at 220 million, makes it the fourth largest nation, the largest Muslim nation in the world,[4] and by far the largest country in Southeast Asia;
2. Indonesia's vast size as an archipelago of more than 13,000 islands, crossing four time zones;
3. Enormous economic and natural resource potential, with rich oil and gas fields concentrated in the western part of Indonesia, especially Sumatra and East Kalimantan;
4. Java's and Sumatra's ancient Hindu-Buddhist past, including Srivijaya (c.late 600s–1300s) and Majapahit (1293–c.1520) which both came to dominate the trade routes of the region and a large portion of what is now Indonesia. Few non-Indonesians understand the importance or magnitude of these civilizations, perhaps being more familiar with the civilizations of China, India, Mesopotamia, Greece, and Rome. Indonesia's advanced civilizations continue to be fundamental to Indonesia's self-image as an ancient regional power;
5. Indonesia's part in the decolonization struggle, and its subsequent role as host of the Afro-Asian summit in Bandung in 1955 which led to the creation of the Non-Aligned Movement.

Indonesia was born out of a war with its colonial master, the Netherlands. Few countries are as diverse as Indonesia — with more than 200 distinct cultures — but the basis of the modern nation-state has been its common struggle against the Dutch. While independence was declared on 17 August 1945 in the aftermath of Japan's retreat, it was not until 1949 that the Netherlands left the archipelago and Indonesia could begin to function as an individual state. From its inception, Indonesia was conceived by its founders as both a non-aligned state and a leader in the developing world. After independence, the first Vice-President, Mohammad Hatta, famously characterized Indonesia's policy as *bebas aktif* (free and active) or *mendayung antara dua karang* (rowing between two reefs). This principle has guided

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Indonesia's foreign policy ever since. Indonesia has continued to be active in the international community but unconnected to any of the major power blocs for the duration of the Cold War and its aftermath. This did not mean unfriendly relations with extra-regional powers. Hatta, in fact, tried to get aid, investment, and trade from the developed world.

However, Indonesia's colonial experience led its founding President, Soekarno, to equate imperialism with capitalism and he thus began his ideological struggle against the West. After Soekarno ended Indonesia's first democratic experiment and announced the euphemistically entitled "guided democracy" in 1959, he grew increasingly radical, in foreign policy terms. Closing the economy to the "neo-imperialists" saw Indonesia effectively barring international investors and raising tariff barriers on imports. Soekarno's economic measures began to constrict the economy to the point of collapse. Interest payments on debt outstripped export returns and the economy experienced hyperinflation by the mid-1960s. In 1962, Soekarno forced the issue of Irian Jaya, a territory he had claimed since 1945, by sending in troops. In 1963, he launched *Konfrontasi* to "crush Malaysia", which the Indonesian President characterized as a product of continued colonialism. While Indonesia had received support from Third World leader India during its struggle with the Dutch, the confrontation with Malaysia was met with condemnation from the newly independent nations. Soekarno also drew Indonesia close to the Indonesian Communist Party (Partai Kommunist Indonesia [PKI]), which could boast the largest membership of a communist party outside China. Furthermore, Soekarno became infatuated with the People's Republic of China and began to draw close in foreign policy terms. Concerned that this flirtation with communism would change Indonesia irrevocably, a number of leading military officers began to question the overall direction.

The seizure of power by Soeharto and the Indonesian military on 30 September 1965 marked a major change in Indonesia's foreign policy. Deeming that Soekarno had breached the *bebas aktif* principle in drawing too close to China, the Soeharto regime made a number of changes to foreign policy. Some authors and foreign policy decision-makers have characterized Indonesia's foreign policy as being one of "concentric circles", whereby Indonesia has sought to secure influence in its immediate neighbourhood first and foremost, before raising a more active foreign affairs profile in the wider Pacific region and then in global affairs as a whole.[5] It may be helpful to see Indonesia's foreign policy outlook as being in three circles of influence or interest: ASEAN, the developed world (or the West), and the Third World. While

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participation in, and influence of, ASEAN is a given, contact with the other two spheres of interest may vary over time. However, this framework largely remained continuous throughout the regimes of Soeharto, B.J. Habibie, and Abdurrahman Wahid.

The New Order de-escalated *Konfrontasi* and drew it to an end by 1966. This paved the way for the creation of ASEAN, with Indonesia, Malaysia, the Philippines, Singapore, and Thailand founding the organization in 1967. This marked a new phase in Indonesia's foreign relations in the sense that Indonesia has since preferred constructive relationships with its neighbours as a means to achieve regional influence. ASEAN, through its various treaties, solidified the borders of the members and helped improve national resilience. At the formation of ASEAN, there were a number of border problems between the members, and from 1967 they undertook to resolve these disputes in a peaceful manner. ASEAN was also successful in forging a common front against third countries, most notably with regard to Vietnam's incursion into Cambodia. For Indonesia, constructive relations with neighbouring nations was not the only positive outcome of ASEAN's formation. Improving regional resilience was, and is, seen as the best way to limit the interference of extra-regional powers in the long term. ASEAN, as an organization, signed the Zone of Peace, Freedom and Neutrality (ZOPFAN) treaty in 1971 to limit the role of extra-regional powers, and the Treaty of Amity and Co-operation (TAC) in 1976, which codified respect for the existing borders of Southeast Asia. The creation of ASEAN removed a number of serious border disputes between member states (although bilateral disputes remain to this day, they have been dealt with peacefully[6]). ASEAN's agreements are largely in keeping with Indonesia's foreign policy goals. Although it was in the interests of other members, Indonesia has exerted considerable influence over the ASEAN process, including its expansion to the whole of Southeast Asia, and the stalling on functional integration in trade and investment issues until more recent times.

Soeharto's reversal of Soekarno's closed economy marked a new phase of economic contact with the West. Aid, trade, and investment were needed from the developed world and the New Order drew closer to the United States in the sense that both were decidedly anti-communist. Fear of a common enemy only barely masked the fact that the Soeharto regime was far from ideologically akin to the liberal democracies of the West. It is important to remember that Indonesia remained non-aligned, and there were serious tensions with the West even prior to the East Timor crisis. Two incidents had led to bilateral tensions with the West and/or the suspension of U.S. bilateral military links. The first was the 1991 Dili massacre in which almost 300 people

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were killed, including one New Zealander. In October 1992, the U.S. Congress voted to cut military training aid, and in 1993 the United States blocked the sale of F-5 fighter aircraft. Relations were restored by 1995, but in 1996 the second disruption of relations occurred, when Megawati Sukarnoputri was ousted as the chairman of the PDI (Indonesian Democratic Party), followed by riots and a raid on Megawati's headquarters. Military-to-military relations were suspended again. These events caused the Soeharto regime to look for alternative sources of military *matériel*, notably a plan to purchase fighter aircraft from Russia. This plan was scuttled by the onset of the regional economic crisis, as there was a realization that economic and military linkages with the West also brought with them vulnerability. In the post-Cold War world, this was, at times, converted to pressure on the Soeharto regime.

After the collapse of the Soviet Union in 1991, states like Indonesia were less able to justify their questionable human rights record. Soeharto's illiberal regime inevitably came into conflict with the United States, the European Union (EU) and other Western countries concerned about human rights and democratization. Soeharto remained close to the West in a general sense, even if different ideologies persisted. During the Asian economic crisis, Soeharto refused to publicly blame the West for Indonesia's troubles, in contrast to the Malaysian Prime Minister's public attack on American investment bankers of Jewish descent. Although Soeharto did remark that he believed that a certain country was behind his fall from office, he has refused to be drawn into publicly naming that country.[7]

A common thread in Indonesia's foreign policy has been an aspiration to Third World leadership. In 1955, Indonesia, under Soekarno, played host to the Afro-Asian summit at Bandung. Three nations emerged as the leaders (or role models) of the newly developing nations: India, China, and Indonesia. Despite Soeharto down-playing Soekarno's rhetoric, Indonesia continued to be a major actor within the Non-Aligned Movement (NAM) and other fora for discussion of Third World concerns. Beginning with the Afro-Asian summit in 1955, Indonesia has taken a leading role in the Non-Aligned Movement, including the chair of the tenth conference in Jakarta in 1992. Since the end of the Cold War, the NAM has continued to enjoy a growing membership, although its concerns are now more focused on North–South development issues rather than opposition to power bloc politics, and Indonesia was instrumental in this evolutionary change. Indonesia has also used the NAM to push for an enlargement of the U.N. Security Council's permanent members to include Indonesia alongside other contenders such as India and Japan. Indonesia, under Soeharto,

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tried to play the role of mediator in a series of Third World problems, such as the role it played successfully in the southern Philippines during the Moro insurgency. Abdurrahman Wahid's foreign policy statements and initiatives should be seen in this light.

The Conduct of Abdurrahman Wahid's Foreign Policy

A major factor in foreign policy formation has been the revitalization of a professional diplomatic corps since the fall of Soeharto. In the New Order, the Department of Foreign Affairs (Departmen Luar Negeri or Deplu) was in effect subordinate to the military (TNI or Tentara Nasional Indonesia). Decisions were dominated by the military and the most well-known case of a difference between the TNI and Deplu was over the status of East Timor. Deplu had for years urged for a settlement on the issue, not least of all because East Timor has been the major impediment to Indonesia's aspirations on the global stage. However, the military took the final decision on this matter. Senior ambassadorial appointments went to generals rather than career diplomats. It is the stated intention of the Abdurrahman administration to reverse this trend in order for more civilians to serve in these sorts of positions. Deplu, as part of a bureaucracy which is still finding its political independence after having been wedded to Golkar for several decades, is now in the position where it will have to serve political masters who are (a) from different parties, and (b) potentially not specialists in the portfolio, as with the case of the current minister, Alwi Shihab. In short, Deplu is now in a multi-party environment where it must be neutral and learn to serve changing administrations.

Post-Soeharto Indonesia is more politicized than it has been in decades. The growth of civil society means that foreign policy can no longer be made in isolation by a small number of insulated political élites. While even authoritarian regimes must be aware of public opinion, in relative terms more democratized societies experience greater public commentary and participation on large-item foreign affairs issues (although the minutiae of foreign policy will still remain outside the interest of the public). Abdurrahman's inability to give formal recognition to Israel is the result of opposition from Parliament and society. At a lower level, numerous street demonstrations and a threatened parliamentary boycott by legislators forced Akbar Tanjung, the Speaker of Parliament, to announce that an Israeli delegation to the Inter-Parliamentary Union would not be attending the Jakarta-based conference. Popular agitation had been fuelled by Israeli–Palestinian tensions.

A related point to all this is the fact that the character of the

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Indonesian state has altered inexorably. This will undoubtedly have an impact on the conduct of foreign affairs. While it is far too soon to describe Indonesia as a consolidated democracy, it has democratized to a large extent and the people are judged to be sovereign.[8] Indonesia is no longer a part of the "soft authoritarian" camp; neither is it the role model for states like Vietnam and Myanmar who are looking to free up the market place while maintaining strict political control. Leading decision-makers of the Habibie and Abdurrahman administrations, including both Presidents, have soundly rejected the "Asian values" hypothesis — or to be more precise, they have rejected the Soekarno and Soeharto reasoning that liberal democracy is culturally unsuitable for the peoples of Indonesia. Indonesia remains reticent on the issue of humanitarian intervention, perhaps not because of any intellectual misgivings, but simply because it fears that the East Timor case could be the thin end of a wedge.

All this has occurred at a time when the Indonesian Head of State has set a world record for state visits, thus signalling a very active "foreign policy President". The Indonesian Foreign Minister, in explaining why Abdurrahman had toured an incredible 26 countries in the four months after he took office, stated that this was "in order to rebuild the good image of Indonesia in the eyes of the international community".[9] Gus Dur has spent nearly a quarter of his term overseas visiting an array of countries.[10] Besides seeking to revive Indonesia's international image (an interest of all nation-states), Abdurrahman's actions show that he is interested in playing the role of international statesman. The recent decision to appoint Vice-President Megawati Sukarnoputri to the role of Cabinet chair, or "first minister", to run the "technical aspects", or the day-to-day running of Indonesia's affairs, is aimed at freeing up the President to continue his exhausting pace of international visits. Underscoring his active agenda abroad is the plan, announced at a joint press conference in September 2000 held by Abdurrahman and the chairman of Boeing, Phil Condit, that the President was considering the purchase of a US$50–60 million Boeing 737–800 to serve as a presidential jet. The announcement provoked a barrage of criticism from Indonesian legislators. The President has also established an international advisory panel, including former U.S. Secretary of State, Henry Kissinger, Singapore's Senior Minister, Lee Kuan Yew, and reportedly to be joined soon by former Dutch Foreign Minister, Van den Broek.[11]

One characteristic of Gus Dur's approach to the countries that he visits is to publicly emphasize commonalties with them, such as liberal democratic values with Western countries, an Asian identity with Asian countries, and an Islamic identity with Muslim nations. With

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China and India, he stressed the ancient trading, cultural and linguistic links, and whilst in Cambodia he announced that he had some Cambodian ancestry and that he felt some attachment to the Kingdom. All this points to a leader who feels that he can bridge many worlds, something that mirrors the role he has attempted to play in Indonesian domestic politics.

In the midst of endless speculation over the post-Habibie Cabinet, Abdurrahman made a surprising choice in picking his close friend for thirty years as the Minister for Foreign Affairs. This was Alwi Shihab, an Indonesian of Arab descent and an Islamic scholar by training. He is a high-ranking member of Abdurrahman's own party, the National Awakening Party, or Partai Kebangkitan Bangsa (PKB), and has functioned as the President's right-hand man.[12] Shihab has also spent some years living in the West and the Middle East. Succeeding the highly-regarded foreign policy professional, Ali Alatas, who sat in the Soeharto and Habibie Cabinets, the choice of Shihab drew quizzical remarks from foreign commentators (although one might add that this is hardly any different from the practice in parliamentary democracies, and sometimes presidential systems too, where specialists are seldom appointed to portfolios).

It would seem also that the Abdurrahman administration is attempting to give far more emphasis to the navy and air force (the head of the TNI, Admiral Widodo, has been chosen from the navy), rather than the army.[13] Increasingly, the navy and air force are seen as factors in helping to provide lines of communication throughout the archipelago, as well as to provide a far more mobile means of dealing with security threats. The problem of piracy at sea is one that needs urgent attention as half of all piratical attacks in the world occur in or near Indonesian waters.

Foreign Policy and Domestic Concerns

Indonesian foreign policy has been far more orthodox, or in keeping with its past themes, than would be suggested by Gus Dur's rhetoric upon assuming office. In particular, Indonesian foreign policy since the economic crisis has been focused on finding the resources to cope with the effects of the crisis. This has meant a reliance on the developed world. Speeches on foreign policy from the Indonesian Foreign Minister, Alwi Shihab, have stressed the need for interdependence in the modern world and a foreign policy "geared to the realities of our economic situation".

Furthermore, Abdurrahman has stressed to the world that he is fully committed to the maintenance of a secular state, constantly

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rejecting any suggestion that there will be an introduction of Islamic law[14] or the establishment of an overtly Islamic foreign policy. At least, this is part of the vision for Indonesia that the President portrays to the outside world — one that is multi-ethnic and multi-religious. The Vatican has praised Abdurrahman as "a man who pushes for ethnic-religious harmony and for democracy ... a blessing to his country".[15]

Another important aspect of Jakarta's foreign policy in the aftermath of the Soeharto regime has been to ensure that potential breakaway regions do not get any support. In other words, Indonesia seeks reassurances that other nations will respect Indonesia's territorial integrity. Indonesia has made a point of linking regional stability with its own ability to achieve stability as a sovereign entity. Since the East Timor crisis — something that many (possibly most) Indonesians blame on the Australian Government — the Indonesian political élite have acted to ensure that no support is forthcoming to other independence movements. Foreign policy has focused on avoiding foreign intervention of any kind in Indonesia, which is now a more distinct possibility in the more globalized post-Cold War environment.[16] There are currently three regions of concern: Aceh, Papua, and the sectarian conflict of Ambon.

- *Aceh.* The Foreign Minister has stated that the problems in Aceh stem from "injustices, economic exploitation and grave violations of human rights perpetrated in the past, that have in turn provoked certain aspirations for independence".[17] He has also added that the "Aceh province is an integral part of the territory of the Republic of Indonesia, and the Government is determined to defend Indonesia's territorial integrity." During a briefing on this problem, the Foreign Minister publicly thanked foreign ambassadors for their support of Indonesia's territorial integrity. This demonstrates Indonesia's interest in having recognition reaffirmed from the international community, thus denying recognition to secessionist movements.
- *Papua.* In June 2000, a government-sponsored Congress of the People of Papua was convened. It was a great surprise to Gus Dur when the Congress announced that the Papuan people had become a sovereign nation on 1 December 1961. The implication is that the Indonesian annexation of Papua, by the New York Agreement of 1962 and the Act of Free Choice of 1969, endorsed by UNGA resolution No. 2504 (XXIV), is null and void. There was also a call by the conference for the United Nations to reconsider the issue. The Indonesian Government's response to this, repeated many times to the international

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community by Foreign Minister Alwi Shihab, was that the conference had distorted history, and was a travesty of the Indonesian constitution and a contravention of the U.N. ruling on the status of the territory.[18] The Indonesian Government has made it clear, internally and externally, that it will prevent any move to independence. Indonesian leaders, including Abdurrahman himself, have pointed to the presence of Australian non-governmental organization (NGO) representatives who have forged close links with independence groups. For Indonesians, this is highly reminiscent of the East Timor situation. Prominent law-makers have suggested that the Western governments should be more concerned about Papua because, like East Timor, the population is predominantly Christian.

- *Ambon and the Malukus.* This is a very complex and difficult problem, often portrayed in sectarian terms both inside and outside Indonesia, but it is in fact far more complicated.[19] This conflict, having claimed the lives of 3,000–5,000 people since 1998, is receiving much international attention. The fear is that this will convert into pressure for Indonesia to allow an international peacekeeping force to be sent in. Already, community leaders in Maluku have called for multinational intervention to keep the peace. The reality is that nation-states, particularly large nation-states, are rather proud and are extremely reluctant to accept this kind of assistance.[20] Both the United States and some of the member-states of ASEAN have promised Indonesia technical assistance (obviously short of placing troops on the ground), which is in line with the Indonesian foreign ministry's request. Having said that, no concrete steps have been taken, nor technical assistance identified, that may help alleviate the conflict. This is compounded by the reported inability of the TNI and police to control the warring factions (there are even reports of the TNI and the police taking opposite sides in the conflict).

In all three conflicts, Indonesia is painfully aware that their mishandling, or more specifically the abuse of human rights, will raise the ire of the international community. A worst case scenario would be if one of the provinces descended to anarchy; here, the Ambon issue seems to be the most discussed example. This could provoke a strong reaction from the international community, including more serious discussions of an intervention force. The current Indonesian administration seems determined to resolve all three situations without

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the use of force (and, hopefully, the civilian authorities have now tamed the hitherto out-of-control TNI). This contrasts with past practice and will win the sympathy of international opinion. Aceh's Humanitarian Pause of 12 May 2000 has been widely hailed as a step forward.

Indonesia has sought reassurance from the international community over the recognition of its existing boundaries and sovereignty. In July 2000, Indonesia was successful in obtaining a statement from the Islamic Group at the United Nations, a caucus of Muslim nations with a near complete overlap with the Organization of Islamic Conference (OIC), that stated, in part, that the Islamic Group "Reiterated its firm stand and continuing support for the sovereignty, territorial integrity and national unity of the Republic of Indonesia." Although these discussions were primarily brought on by the events in the Maluku islands, reported links between the pro-independence Free Aceh Movement and a couple of Middle Eastern countries have given cause for concern. Assurances from the international Islamic community — with which the current Indonesian administration enjoys good personal and official linkages — represent a major foreign policy success for Indonesia.

A further guarantee was obtained when China, Japan, and South Korea made an agreement that mirrored the ASEAN reaffirmation at the ASEAN+3 meeting in July 2000. Even Australia, through its Foreign Minister, Alexander Downer, has reportedly lobbied others attending the ASEAN dialogue and the ASEAN Regional Forum not to give any encouragement to "so-called independence movements".[21] Assurances have also come from the United States, the EU, and elsewhere.

Southeast Asia

It remains true that ASEAN is the cornerstone of Indonesia's foreign policy. As an organization that has brought some resilience to the region, ASEAN remains important for present-day Indonesia. In the July 2000 ASEAN Foreign Ministers Meeting, a communiqué was issued that stressed ASEAN's support for Indonesia's territorial integrity: "The foreign ministers reiterated their continuing support for the sovereignty, territorial integrity and national unity of Indonesia, which includes the provinces of Aceh and Irian Jaya."[22] During the East Timor crisis, the ASEAN countries were cautious about taking any action that might offend Indonesia. While Singapore, Malaysia, Thailand, and the Philippines followed Australia into East Timor, none of the ASEAN countries were instrumental in pushing this issue. These ASEAN states were also careful to place their forces away from potential direct contact with Indonesian forces, or proxy forces. In the

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aftermath, there has been much criticism of the organization's inability to respond, but the members value highly their long-term relations with Indonesia. Indonesia does not regard any of its neighbours as a threat, although Australia's supposed potential to stir up trouble in outlying provinces is perceived to be of concern.

Forest fires have been a major transnational issue since 1997, when the Indonesian central government seemed either unable or unwilling to try to deal with the companies responsible. After sustained pressure from ASEAN, beginning with the December 1997 Regional Haze Action Plan agreed to at the ASEAN Environmental Ministers' Meeting, Indonesia has had to look at the problem more seriously. In 2000, a total of twelve firms were suspended for starting fires, and this was a dramatic improvement over earlier years.

Previously, attempts to forge economic integration within ASEAN were hamstrung by Indonesia's industrial policy. At one point, loopholes had to be found for the exclusion of processed agricultural products, and it is no coincidence that many of the items were under the control of companies linked to the first family. As a by-product of the IMF's economic liberalization programme involving lower tariffs and greater domestic competition, this removes obstacles to achieve the ASEAN Free Trade Area (AFTA) by the latest target date of 2002. Currently, AFTA deals with tariff barriers but it remains to be seen if the "AFTA-plus" process can deal with the more important non-tariff barriers in future, and thus further enhance regional trade.

Despite the fact that Indonesia is the *primus inter pares* of ASEAN, new proposals for dealing with political crises within the member states have been pushed by Thailand. Thailand has championed the "flexible engagement" idea whereby ASEAN may be able to begin open discussion on domestic matters that are of concern to neighbours. This idea remains controversial, not least of all because the different members are polarized on the issue of what constitutes "undue interference". Thailand has also been the author of the "ASEAN troika" proposal, emanating from the idea that developed when three ASEAN states were involved in negotiations in respect of the situation in Cambodia. The "ASEAN troika" is supposed to provide ASEAN with flexibility, in the event of a crisis, for three countries to take a lead in finding a resolution. The former Indonesian Minister for Defence, Juwono Sudarsono, also accepted Singapore's proposal for a regional armed force to respond to crises, but added that this should not lead to either a NATO-style arrangement, or intervention without consent within another member state.

It is also important to examine some of the component relationships

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that form the "strategic core" of ASEAN, namely, Indonesia, Malaysia, and Singapore. Some of these relationships have suffered from bilateral tensions since the fall of Soeharto.

With Malaysia, there was some disagreement over the trial of ex-Deputy Prime Minister Anwar Ibrahim. B.J. Habibie, while President, expressed concern over the plight of his "friend". In May 2000, President Abdurrahman met with the Malaysian opposition KeADILan leader Wan Azizah, the wife of Anwar Ibrahim, prior to the latter's sentencing. The Malaysian authorities protested against the meeting. Malaysian news source *Malaysiakini* quoted Gus Dur as saying: "While I respect the fact that I can't visit Wan Azizah when I visit Malaysia and Aung San Suu Kyi when I visit Burma, but I can meet anyone I please in Indonesia."[23] The fact that a number of Indonesian journalists were able to openly interview Wan Azizah at a press conference and report her remarks testifies to the changed nature of Indonesian society and the impact that this may have on foreign relations. Criticism of the treatment of Anwar also came from the Indonesian Parliament, with the chairman of the People's Consultative Assembly (MPR) and unofficial leader of the Poros Tengah (the central alliance of Muslim parties), Amien Rais, describing Anwar's treatment as "uncivilised" and characterizing him as a "political prisoner" rather than a criminal. Amien was also present at Wan Azizah's press conference as an act of solidarity. It is hard to imagine President Soeharto undertaking the same actions as Abdurrahman, or allowing top law-makers to express their support for the opposition figure of another ASEAN country. However, ASEAN solidarity did win out in the end with Indonesia, together with the other ASEAN countries, not joining the EU, the United States, Australia, and New Zealand in condemning Anwar's final sentencing.

Indonesia's relations with Singapore have improved markedly under the Abdurrahman administration, as the personal bitterness exhibited by the former Habibie government seems to have abated. In response to a perceived slight from Singapore's Senior Minister, Lee Kuan Yew, in February 1998, that if Habibie became Vice-President there would be a run on financial markets (as there was), Habibie reminded Singapore of its supposed place: "Look at the map, all the green is Indonesia, and that red dot is Singapore. Just look at that." In February 1999, Habibie also labelled Singaporean society as "racist" on the grounds that Malays were excluded from the higher echelons of the military and the intelligence services. To compound all this, there was a perception among the Indonesian Government of the time that Singapore had not done enough to assist Indonesia in its hour of need.

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The failed attempt by Singapore to establish a Multilateral Trade Credit Guarantee Scheme was seen as an insult. While these views persist in Jakarta, the Abdurrahman administration realizes the importance of Singapore to any export-led economic recovery. The Indonesian President even named Singapore in one of his several lists of countries to be included in the "Look towards Asia" policy (discussed below).

The Wider Asian Region

Much concern was expressed when Gus Dur announced a "Look towards Asia" policy soon after coming into office. This suggestion, which would entail some kind of enhanced connection between Indonesia, India, and China, caused many commentators to surmize that this was designed to counter Western influence, including the alarmist suggestion that this was a reinvention of Soekarno-ism. Foreign commentators reacted with great concern over the emergence of an Asian triumvirate of countries set up in counterpoise to the United States in the Asian region. Apart from the absurdity of expecting India and China to enter such an arrangement, the idea seems to reflect Abdurrahman's own notions of a pan-Asian consciousness. However, concrete steps stemming from this proposal are hard to find. When pushed for details, the Indonesian President has constantly spoken in vague terms, such as his description of the arrangement as something that is not designed to exclude other countries, but a means of "establishing our ... common identity as Asian".[24] He has also referred to his belief in a future "new Asian identity", something that could apparently be expressed by the said grouping. Thus, the idea remains merely an expression of intent, with no institutional framework, or prospect of being realized. Officials have explained that this is not an "alliance" but a call for greater co-operation — to correct an imbalance.

In February 2000, Abdurrahman also proposed a trade bloc consisting of Indonesia, India, Russia and China, assisted by Japan and Singapore — one assumes this to be constituting a marriage of large domestic markets and capital. The not inconsequential fact is that many of these countries have very little trade with each other, relative to their major export markets, while the benefits accruing to Japan and Singapore are not clear. This idea is unlikely to result in anything substantial.

The initial concern was that this marked a shift in Indonesia's foreign policy, which might be coupled with anti-Western policy outcomes. However, Indonesia continues to have substantial contact with a number of developed countries, and as an emerging liberal democracy, the Abdurrahman administration may find more affinity

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with other democracies. The counterpoint is that the emergence of Indonesian nationalistic reactions to Western pressure may be impossible for the Abdurrahman administration to contain. Paradoxically, the illiberal Soeharto regime held more promise of stable relations with the West.

In a more tangible sense, the biggest change has been the improved relationship with the People's Republic of China (PRC). Gus Dur's first official visit (following a personal visit to Japan and the United States weeks earlier) was to China — a very symbolic gesture of improving relations. In May 2000, Indonesia and China signed a Memorandum of Understanding to facilitate greater co-operation in politics, economics, tourism, and science and technology on the fiftieth anniversary of diplomatic relations, although relations had been suspended between 1965 and 1990.

Although it was Soeharto's New Order that had officially re-established relations with China in 1990, his regime remained noticeably paranoid about the communist threat to society.[25] The Abdurrahman administration seems to be different in this sense. The President's open discussion in April about legalizing the Indonesian Communist Party — a move vehemently opposed by many in the People's Consultative Assembly — has been interpreted as a foreign policy move by the foreign press in the sense that it will assist relations with China. In actuality, it is hard to see a foreign policy motive in all this as China is unlikely to be concerned with the status of the PKI (in any event, one suspects a legalized PKI would fold as a result of lack of membership). Instead, it seems that Gus Dur wishes to remove one of the few remaining bans on the politicization of Indonesian society and, more importantly, it may be part of his interest in healing the wounds of the massacres in 1965–66. However, what this does represent is that the current Indonesian administration (although perhaps not all of the Indonesian political élite) is no longer concerned with China, and the erstwhile associated PKI, as a source of threat.

There are also signs of growing contact between the respective military establishments of China and Indonesia. The Indonesian air force (TNI-AU) contacted air force counterparts in the PRC to discuss aircraft maintenance. The Minister for Research and Technology, A.S. Hikam, is reportedly looking into further means of defence co-operation.

The West

Like almost all states, Indonesia seeks to use external trade and investment links to improve its economic fortunes. First and foremost is the International Monetary Fund (IMF) package of US$43 billion. The

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Abdurrahman administration has signed three Letters of Intent with the IMF (20 January, 17 May, and 31 July 2000) which essentially set out the conditionalities for continued funding. The need for these funds has made Indonesia quite vulnerable to external pressure, especially from developed countries (in particular, the United States). While South Korea and Thailand have managed to stabilize their economies, Indonesia remains reliant on the IMF for capital to lay the basis for a sustained recovery. The IMF was used by contributing members during the East Timor crisis to force Indonesia to accept INTERFET (International Force East Timor) troops, and, of course, the IMF is pushing economic liberalism as the condition for continued aid. This has led to a great deal of resentment in Jakarta — particularly given Indonesia's self-perception as a leader, at least in regional and developing country terms.

There is still no full normalization of military-to-military relations between the United States and Indonesia. Washington has expressed concern over economic restructuring, regional conflicts, sectarian violence (especially in Maluku), and the bringing to trial of TNI officers responsible for the East Timor violence.[26] In 1999, the U.S. Congress voted to suspend military assistance, and senior U.S. military officials have made it clear in remarks to the press that this will not be restored until justice is seen to be done in terms of bringing to justice senior TNI officers involved in the East Timor violence. The Foreign Appropriations Bill 2000/01 of the U.S. Congress was also amended in early 2000 to include the return of East Timorese refugees from West Timor as a further stipulation. The immediate former Defence Minister, Juwono Sudarsono, has argued that this is causing a general run-down in military equipment, which means that Indonesia cannot respond in full to the sectarian violence in Maluku. There has also been the controversy in the United Kingdom over the sale of British Hawk jets to Indonesia. Although the British Labour Government had defended the sale on the grounds that there was no link to the East Timor conflict, the Blair administration faced growing pressure from its own backbench Members of Parliament (MPs) and Labour Party members to pursue its stated "ethical foreign policy". All this may threaten Indonesia's access to military equipment and training. Already, the Abdurrahman administration has considered the idea of diversifying military acquisitions, probably from Russia and China. On 28 March 2000, the Indonesian President caused alarm bells to go off in Washington when he called on Indonesia to break its military reliance on the United States during a speech to Indonesian military officers.

There are many voices arguing that Indonesia is growing increasingly intolerant of Western pressure, and anti-Western forces are

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emerging. The situation, however, is more complicated than that. The reality is that no country likes to be instructed on what to do, and this will result in a certain amount of resistance. Ideologically, however, there is not a huge gulf between the revitalized Indonesian political system and the so-called "democratic camp". Both espouse democratic values and human rights.

In early 2000, the U.S. Ambassador to the United Nations, warned that a military coup would result in serious international consequences. Ultimately, the United States wishes to promote democratization in Indonesia, as the archipelago is one of the main target countries for the Clinton administration's doctrine of Enlargement.[27] International donor groups are also becoming more vocal in insisting that changes are made in Indonesia — including at the Consultative Group on Indonesia (where Indonesia successfully requested US$4.8 billion) in October 2000, when most members insisted on economic and political reform. There are constraints on just how far Washington and other Western governments are prepared to push Indonesia. Indonesia could turn against the international community and adopt a more radical foreign policy stance, but more alarming scenarios also abound. Lack of international support could lead to economic depression, fostering communal tensions, and possibly ethno-religious conflict. The break-down of the state or, in the very worst case, the complete break-up of Indonesia into numerous smaller states, is not in the interest of the global community. In the final analysis, Gus Dur is judged to be a liberal, and his regime is thought, by officials in Washington and elsewhere in the developed world, to be the best current option for the ongoing democratization of Indonesia.

Australia

Australian officials like to regard their bilateral ties with Indonesia as a "special relationship". However, as two Australian academics point out: "Australia needs Indonesia more than the converse, although many Australians balk at this proposition."[28] Perhaps it is better to say that there is unevenness in the relationship, with Indonesia looming large in strategic terms for Australia, while commercial links are heavily weighted in Australia's favour. In terms of the relationship with Australia, President Abdurrahman is still constrained by the opposition from many in Parliament and a number of officials still bitter over the East Timor situation, including Vice-President Megawati Sukarnoputri and members of the foreign affairs committee in Parliament. There are a number of reasons for this: first of all, there is a perception widely held by the Indonesian political élite and the masses alike that Australia was

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"two-faced" on the issue of East Timor, in that it gave *de jure* recognition for nearly twenty-five years but seemed to alter its position when the time was right.[29] This led to the cancellation of the Australia–Indonesia Defence Agreement by the Habibie government.

Secondly, many Indonesians, subject to the socialization of Soeharto's New Order on the issue of East Timor, have struggled to come to terms with why the East Timorese essentially "seceded" from Indonesia. Elements of the military have made repeated claims that Australian intelligence had been operating in East Timor before the Popular Consultation of August 1999, and continue to do so. There have been numerous accusations of espionage levelled against Australia, including testimony by General Wiranto, while he was still Minister for Defence, that a large number of illegal flights by Australian aircraft had gone over the territory. In April 2000, Udayana military commander (covering Bali and East Nusa Tenggara), Major General Kiki Syahnakri, noted that Australians had apparently been involved in border espionage: "The various problems that have emerged near the border shared by Indonesia and East Timor have no doubt affected efforts to restore Indonesia-Australia ties which were strained in the wake of the popular consultation in Lorosae [East Timor]."[30] The former Minister for Defence, Juwono Sudarsono, has alleged that Australian intelligence operated in East Timor prior to the referendum.

Thirdly, tension in the relationship comes from Australia's intense lobbying to get Indonesia to resolve the East Timor problem, through the famous Howard Letter of December 1998, and then the sustained attempts (albeit unsuccessful) to allow peacekeeping troops into East Timor before the United Nations-organized Popular Consultation in 1999.[31] Australia also funded about a third of the United Nations Mission in East Timor (UNAMET) operation, which carried out the referendum, while Australian NGOs were more heavily represented than any other nation as official observers during the vote. Hadi Soesastro, from the Jakarta-based think-tank, the Centre for Strategic and International Studies, has put it this way: "In short, the popular view is that Australia favoured and indeed engineered the creation of an independent East Timor, and even that it has a hidden agenda, a larger regional ambition, for doing so."[32] He also chastized the Australian Government for not allowing the vote to wait until a more legitimate government had been formed in Jakarta, or at least one that could "deliver a peaceful outcome".

Fourthly, it has been widely reported that the Australian Prime Minister, John Howard, had stated during the discussion about the introduction of INTERFET that Australia would be a regional player as a "deputy sheriff" to the United States. Although the press report of this

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was an exaggeration, as Howard did not actually utter those words, it is still widely believed throughout the region that he did. Australia's apparent portrayal of itself as a regional leader is also at odds with the role that Indonesia envisions for itself. The "deputy sheriff" incident came on the back of already deteriorating relations between Australia and Indonesia.

Abdurrahman, in requesting a possible trilateral meeting with East Timorese leader, Xanana Gusmao, and John Howard, Prime Minister of Australia, did so by asking Gusmao to convey the message to the Australian leader. This indicates that the relationship is still marked by bitterness. Abdurrahman and Howard did meet on the margins of the funeral of the late Japanese Prime Minister, Keizo Obuchi, in June 2000. This signalled a thaw in relations, while a proposed visit to Australia and New Zealand has been pushed back on several occasions, but remains on the cards. The President has stated that he will visit Australia towards the end of 2000, but his Foreign Minister has clarified that this would depend on the economic *quid pro quo* that Australia is prepared to offer to assist Indonesia's recovery.[33] It may take time but the Australia–Indonesia relationship should continue to improve, even if slowly. Alwi Shihab stated in an official speech: "In view of our joint efforts to strengthen our relations and our cooperation, I cannot but feel confident that the years ahead will see a deepening of our cordial relations and the broadening and intensification of our co-operation."[34]

Indonesia would also like to retain Australian assurances that Papua remains part of Indonesia's sovereign territory — and the Australian Department of Foreign Affairs and Trade has issued a statement to reaffirm that principle. Shihab has actually stated that, "Indonesian foreign policy places Australia as an external factor that endangers its national integrity, especially in Papua."[35] This criticism is directed at Australian NGOs, although perhaps the Indonesian administration has failed to distinguish between the actions of the Australian Government and that of members of Australian society.

East Timor

East Timor's move to independence has been a traumatic experience for the Indonesian body politic and society at large (and, of course, even more so for the East Timorese). Objectively speaking, the departure of East Timor removes an enormous drain on resources, and, furthermore, possession of the territory was the major impediment to Indonesia's desire to play a more active role in regional and global affairs. Since the tragic events of 1999, Abdurrahman has been able to quickly establish ties with East Timor as it moves towards independence. A delegation

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from the National Council for Timorese Resistance (CNRT) to Jakarta, led by Gusmao, together with some pro-Indonesian East Timorese leaders, on 20 November 1999, was a landmark visit. Gur Dur expressed his wish that there be reconciliation between the two sides and that East Timor would become a stable and peaceful nation.

Indonesia initially made great strides on recovering its reputation after the East Timor crisis. Abdurrahman confounded domestic and international commentators when in March 2000, he made a visit to Dili and established bilateral relations with East Timor. Laying wreaths at the site of the 1991 Santa Cruz massacre and a graveyard for Indonesian soldiers, he uttered these words: "I would like to apologise for the sins that have happened in the past, to the victims or the families of Santa Cruz and those friends who are buried in the military cemetery. These are the victims of circumstances that we didn't want."[36] At the same time, an Office of Indonesian Interests was opened in Dili, which, upon independence, will function as a full diplomatic post. A communiqué was also signed to resume commercial flights between Indonesia and East Timor, maintain the road link to West Timor, and provide scholarships for East Timorese students. An agreement was also reached on co-operation between the Indonesian Attorney-General's office and the United Nations Transitional Administration in East Timor (UNTAET) in their investigations of leading generals over their role in the violence that followed East Timor's vote for independence. This is crucial in at least two regards. First, it gives some security to the East Timorese leaders, who know that geostrategic reality means that they will have to build a relationship with Indonesia. Secondly, for Indonesia, removing the East Timor issue is the one necessary step that Gus Dur needs to take to improve Indonesia's international reputation, which was shattered by the inability to halt the genocide that occurred in East Timor throughout 1999. Indonesia has also sought to represent the interests of pro-integration East Timorese who wish to return to their homes with the guarantee of safety. The Indonesian President wrote a letter in April 2000 to request that UNTAET give protection to the returnees.

Despite Gus Dur's apology and the move towards the normalization of relations, Jakarta still seems unable to control the actions of the militia operating out of West Timor. The proposed solution from the Indonesian side has been to shut down the refugee camps in West Timor, with proper screening of the occupants to see if they wish to return to East Timor or stay in Indonesia. Indonesia has stated that this will end the problem, but that international agencies will have to take the lead in helping to shut down the camps. Nonetheless, continued militia activity, and the death of two peacekeepers from New Zealand

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and Nepal in July 2000, have continued to raise questions over Indonesia's role in Timor's instability. Three U.N. volunteers were then killed in West Timor by East Timorese militiamen, followed by violence that left twenty Timorese dead, with seemingly no intervention from the Indonesian police. The New Zealand Minister of Foreign Affairs and Trade, Phil Goff, has charaterized the refugee camps as "effectively another Gaza strip — a permanent encampment of people that are in effect stateless, where young people become fodder for future militia activity".[37]

Doubts are now growing over the sincerity of the Indonesian leadership to take the necessary steps to provide security for East Timor. In September 2000, the incoming Indonesian Defence Minister, M.D. Mahfud, stated: "Based on information from Indonesian intelligence, the people of East Timor have begun to tire of present conditions in their territory and desire to integrate with Indonesia again."[38] The Minister's remarks provoked one of the strongest statements to come from the U.S. State Department, which publicly pointed to the acquiescence of Indonesian officials in the turbulence in Timor. A State Department spokesperson described Mahfud's remark as "astonishing and irresponsible" and added: "In truth, the violence in Timor is being staged from Indonesian territory under the eyes of Indonesian officials."[39] U.N. officials who arrived in Jakarta for discussions at about this time were also physically threatened by paramilitary groups. Despite assurances from the Indonesian Foreign Minister, the Indonesian authorities failed to disarm the East Timorese militiamen in the township of Atambua by the deadline of 28 September 2000.

Stern warnings have been delivered by the United States, the United Kingdom, the World Bank, and the IMF about the security situation in East Timor. So far the United States has denied rumours that a wider trade embargo is being considered. Pressure from some U.N. Security Council members and the leading multilateral financial institutions has provoked a backlash in Jakarta. Amien Rais has described attempts by the World Bank to make aid conditional to improvements in Timor as "threats to Indonesian sovereignty". Amien has also argued: "If Indonesia bows down to threats from the US, it will always be considered a light-weight and will continue to be manipulated by other foreign countries."[40] The Abdurrahman administration has not expressed the situation in such stark terms, but continues to resist pressure to hold a war crimes court to try those associated with the violence in East Timor during 1999. Shihab has also admitted that the lack of such a court is becoming harder and harder to explain to the international community, but international pressure on this issue is regarded as a breach of sovereignty. Co-ordinating Minister

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for the Economy, Rizal Ramli, has urged international donors to consider the positive steps that have been taken to deal with Timor as well as the damage that blocking aid will do to the Indonesian masses.

It is also interesting to speculate on East Timor's future participation in the region and in ASEAN. Membership of ASEAN will only occur if East Timor can meet two conditions. First, East Timor must demonstrate that it is a functioning state and can potentially participate fully in ASEAN meetings. Secondly, East Timor would have to accept substantial foreign policy undertakings. The reality of living next to Southeast Asia's most populous nation means that a certain amount of "Finlandization" can be expected of East Timor, in the sense of following ASEAN's Treaty of Amity and Cooperation (TAC), Zone of Peace, Freedom and Neutrality (ZOPFAN), and the Southeast Asia Nuclear Weapons Free Zone (SEANWFZ). Indonesia would want to ensure that East Timor does not become a base or an alliance partner of an extra-regional power. Indonesia's long-term goal — continuing from Soekarno to Abdurrahman — of removing the influence of extra-regional powers, explains why this is important. Membership of ASEAN would solve some foreign policy problems for East Timor, not the least of which is recognition of its territorial integrity, which has been the cornerstone of ASEAN co-operation since the group's inception.

The Middle East

Both the President and the Foreign Minister have personal orientations and affiliations with the Middle East. The current administration seems far more active in this area than any of Indonesia's previous regimes. Gus Dur's first, and most puzzling, foreign policy statement was that he wished to consider the recognition of Israel. Indonesia, like most Muslim countries, does not have formal relations with Israel. His wishes were quickly echoed by Foreign Minister Alwi Shihab. These statements have angered a large number of Muslims in Indonesia, and domestic opposition on this issue is probably too strong for the President to overcome. Both Abdurrahman and Shihab explained that relations with Israel would assist Indonesia's trade and investment links with the U.S. business community (one might say that this is turning Mahathir's "Jewish conspiracy" theory on its head).[41] It has also been argued that by recognizing Israel, Indonesia will be able to exert more influence in negotiations over a Palestinian state. However, these reasons are partly put forward for domestic consumption. Gus Dur, who has visited Israel several times, appears to hold a personal affinity to

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Israel and this statement is driven by his own interests and convictions. For Israel, formal ties would be a major foreign policy coup, and there has been some exploration of assistance in agricultural technologies, while it is also possible that bilateral military training and assistance could be offered as part of any future deal.

The Abdurrahman administration continues to pursue its interest in events in the wider Middle East as well. On 14 August 2000, the President met with Israeli envoy and former Prime Minister, Shimon Peres, followed by a visit from Palestinian leader Yasser Arafat later that same day. It has been indicated that Indonesia had hoped to play a mediator's role in bringing the two sides back to the negotiating table after the deadlock at Camp David. The Abdurrahman administration has given its support to an independent Palestinian state and stated that "administrative sovereignty" over Jerusalem should be in the hands of the Israeli government.[42]

The situation in Iraq is proving to be an issue of contention. U.N.-imposed sanctions on Iraq have been under attack recently from inside and outside the United Nations. Amidst talk of employing "smart sanctions" which would not affect the well-being of the Iraqi people, a number of countries are openly questioning the effectiveness and the morality of the sanctions, which, although primarily aimed at the government of Saddam Hussein, have had a devastating impact on the population. It has been clear since the beginning of 2000 that Gus Dur's administration is one of the doubters. Alwi Shihab told the Non-Aligned Movement in April 2000 that: "As to Iraq, we hope they can find light in relevant Security Council resolutions so that its suffering people may soon be relieved of the painful sanctions imposed against it."[43] The event that triggered the announcement of a visit by the Indonesian Head of State to Baghdad appears to have been the visit by President Hugo Chavez of Venezuela on 14 August. Indonesia wants to see the trade sanctions lifted, and may sense that it is time to show leadership on an issue that is starting to galvanize a number of states.

There is always more than one reason for anything, and the Abdurrahman administration, through statements, has also sought to explain that opposition to the sanctions is not political *per se* but a question of morality. This point deserves serious consideration as Gus Dur has made it clear that this is not in any way political support for Iraq's government, as Indonesia will continue to be against Iraq's attempts to acquire weapons of mass destruction (WMD). Opposition has come from the U.S. Secretary of State, Madeleine Albright, who has suggested that the proposed visit be cancelled, but the Abdurrahman administration believes that the United States will go no further than

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simply oppose the visit verbally. The Indonesian President has remarked: "We are not a lackey of the US. We are free to go anywhere."[44] Albright has indicated, however, that Indonesia will suffer no more than a tarnished image.

Interest in the Middle East can only be explained by the fact that the policies of the Abdurrahman administration are largely personality-driven, and the President and some leading officials share a co-religionist affinity with the region. While there appears to be some hope among officials in Jakarta that alternative aid sources could be found amongst the oil-rich states of the Middle East, so far this has not amounted to much. Although the Abdurrahman administration rejects the notion of an overtly Islamic foreign policy — and the attempt to establish relations with Israel underlines this point — there is a co-religionist nexus between the administration and the Middle East. Given that the Middle East is outside Indonesia's immediate national interests, this particular flurry of activity may last no longer than Gus Dur's tenure in office.

The Third World

The Developing World, or Third World, remains an area of interest for Indonesia. Indonesia, under Soeharto, was chair of the Non-Aligned Movement from 1992 to 1995, which included hosting the Tenth NAM conference on 1–6 September 1992. The "Jakarta Message" that resulted from that summit stressed both South–South and North–South co-operation.[45] This is indicative of the role that Jakarta has tried to play — as a bridge between the developed and the developing world. During its chairmanship, Soeharto tried to take Third World interests to the G-7 (group of seven industrialized countries) summit. Through its role in the NAM, Indonesia has attempted to promote negotiations over some of the conflict areas in the Third World, such as the Middle East peace process, Afghanistan, the Korean peninsula, Kashmir, and Iraq. This strand of foreign policy has been evident throughout the Habibie and Abdurrahman governments.

The role of the NAM remains important to Indonesia's position in global affairs. Indonesia remains active in a host of organizations and caucuses that promote the interests of developing nations. In 1998, under B.J. Habibie, Indonesia hosted the G-77 summit of developing countries (the G-77 is a conscious parallel organization to the G-7). Indonesia has sought out formal leadership positions within many of the groupings that represent the interests of developing nations. Indonesia's next substantial role in this regard will be the hosting in May 2001 of the G-15 summit, a grouping which consists of seventeen

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middle-income countries.[46] Indonesia also effectively sought the presidency of the U.N. Economic and Social Council (ECOSOC) in 2000.

Indonesia has been active in the Organization of Islamic Conference (OIC), although it continues to steer away from identification with an Islamic foreign policy. Nonetheless, Islam has played some part in foreign policy formulation. However, Indonesia's interest in assisting in negotiations with the Palestinian authorities, as well as in a number of other issues involving Muslims, is often explained on humanitarian rather than co-religionist grounds.

Conclusion

From this survey of Indonesia's foreign relations, including some core component relationships, it is possible to conclude the following. The first major foreign policy discontinuity is that Indonesia now has to deal with the post-referendum East Timor situation. This has strained relations with the West, particularly with Australia, but also with the United States and the European Union. Despite the failure of Jakarta to control the militia problem and to resolve the refugee crisis, the normalization of bilateral ties with the fledgling territory has been forthcoming from the Abdurrahman administration. The international community will continue to support the administration, and the United States, in particular, will exercise caution in applying pressure on Jakarta.

The Abdurrahman administration is building a much closer relationship with the People's Republic of China, but this should be seen as supplementary to existing bilateral partnerships rather than an attempt to supplant them. In line with the *bebas aktif* tradition, and further solidified by a perceived over-reliance on Western trade and investment (and military supplies) which led to the application of pressure over East Timor, Indonesia will seek to diversify its international linkages.

At a time when Indonesia's global influence has been reduced, following the political and economic crisis it experienced, the Abdurrahman administration has engaged in a pro-active foreign policy. This has been facilitated by the necessity to secure the resources needed for economic recovery, and guarantees from the international community over regional problems, as well as to improve Indonesia's international reputation.

Gus Dur's foreign policy is less radical than initial rhetoric would suggest. Indonesia's foreign policy remains conventional and largely (but not wholly) continuous with the New Order regime. Talk of

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forming a strategic and/or economic bloc with the "counter-hegemonic" countries of the Asia-Pacific has come to nothing. It is a given that ASEAN remains crucial to Indonesia's foreign policy outlook, as do links with both the developing and developed world. At its heart, Indonesia still seeks regional leadership, while Abdurrahman himself is seeking to play the role of international statesman.

NOTES

1. This article was first delivered as a paper at the Forum on Regional, Strategic and Political Developments, at the Institute of Southeast Asian Studies, Singapore, 29 August 2000. I would like to thank my colleague, Tin Maung Maung Than, for his comments on an initial draft.
2. *Indonesia* 66 (October 1998): 1–4.
3. Mohan Malik, "The Future of Asian Geopolitics: An Indonesia-China-India Axis?", *Asia-Pacific Defence Reporter*, February/March 2000, p. 21.
4. This refers to the fact that Islam is the religion of the majority (88 per cent) rather than the nature of the state. Indonesia remains a secular state. Scholars usually use the term "Islamic state" to denote a state that not only has a Muslim majority, but also the full or partial implementation of Islamic law.
5. See Dewi Fortuna Anwar, *Indonesia in ASEAN: Foreign Policy and Regionalism*, (New York and Singapore: St Martin's Press and Institute of Southeast Asian Studies, 1994).
6. For example, Indonesian officials have recently accused Malaysia of numerous violations of the Kalimantan border.
7. See "Foreign power made me quit, says Suharto", *Straits Times* (Singapore), 28 January 1999, p. 23.
8. Although the concept of sovereignty resting with the people is found in the Indonesian Constitution, its interpretation in post-Soeharto Indonesia is now more in line with that of established liberal democracies.
9. Keynote address by Alwi Shihab, "The Indonesian Foreign Policy Outlook", Conference at the Observance of the Indonesian National Press Day, 17 February 2000.
10. See "Gus Dur, Globe Trotter", *Straits Times* (Singapore), 18 February 2000. In 1999, his visits included Cambodia, Malaysia, Singapore, Thailand, the Philippines, Laos, Myanmar, Japan, Kuwait, Qatar, Jordan, and China. In 2000 he visited Saudi Arabia, Switzerland, Britian, France, the Netherlands, Germany, Italy, the Vatican, the Czech Republic, Belgium, India, South Korea, Thailand, Brunei, South Africa, Mexico, Cuba, Japan, Hong Kong, Singapore, the United States, Iran, Pakistan, Bahrain, Oman, Egypt and the UN Millennium summit in New York. There are plans to visit Canada, Europe, Australia and New Zealand. Cited in Robert Go, "Gus Dur set to resume overseas visits", *Straits Times*, 4 August 2000, p. 31. Gus Dur's announcement of a visit to Iraq adds another country to the list.
11. "H. van den Broek wel naar Indonesië", *NRC Handelsblad-Binnenland*, 28 August 2000. (For this information I am grateful to Henny Klunk, First Secretary, Ambassade van Het Koninkrijk der Nederlanden, Singapore.) The use of international statesmen as advisors has also drawn some criticism from the Indonesian parliament. Some legislators have argued that there are many capable advisors that can be drawn from within the Indonesian élite.
12. For example, it was Shihab who repeatedly told the press from the beginning of 2000

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that the Cabinet would be reshuffled some time in August (as it was).

13. See "Indonesia", *Asia-Pacific Defence Reporter*, June/July 2000, pp. 46–47.
14. For example, see "Islam and state will remain separate", *Straits Times* (Singapore), 7 November 1999.
15. "Enter the Imlek Dragon", *Asian Business*, 1 March 2000.
16. Former Minister for Foreign Affairs, Ali Alatas, stated in a press article that: "Indonesian diplomacy is also being directed towards pre-empting any possible support from foreign quarters to separatist movements in the country." Ali Alatas, "Jakarta's Diplomacy Challenges", *Straits Times* (Singapore), 2 April 2000, p. 54.
17. Alwi Shihab, "Briefing by the Foreign Minister H. E. Alwi Shihab to Foreign Ambassadors in Jakarta on Aceh, Maluku and Irian Jaya", Jakarta, 7 July 2000.
18. These comments were repeated in Singapore in the speech by the Indonesian Minister for Foreign Affairs, Alwi Shihab, on "Indonesia's Internal Development and Regional Stability", at the Institute of Defence and Strategic Studies, Singapore, on 11 August 2000.
19. Shihab has explained the conflict in these terms to foreign diplomats: "The conflict in Maluku is basically not a religious conflict. It is more of an inter-communal conflict driven by local economic disparities, instigated by certain forces bent on destabilizing the country." Alwi Shihab, "Briefing by the Foreign Minister H. E. Alwi Shihab to Foreign Ambassadors in Jakarta on Aceh, Maluku and Irian Jaya", Jakarta, 7 July 2000. The "destabilizing forces" argument is commonly put forward by the political élite in Jakarta, including members of the Cabinet. The most recent former Minister for Defence has blamed forces loyal to former President Soeharto, while press sources blame former Habibie Cabinet minister, Adi Sasono. None of this can be proved and thus remain circumstantial allegations.
20. Note that the British never sought U.N. assistance over the Northern Ireland conflict, and neither have the Russians shown any interest in using the same channel to help resolve the intractable problem in Chechnya.
21. Graig Skehan, "Region urged to support Wahid", *Sydney Morning Herald*, 27 July 2000. Downer has also expressed the view that elements of the military are undermining Wahid's rule.
22. Extract from the communiqué cited in "ASEAN backs Indonesia against the provinces", *Straits Times* (Singapore), 26 July 2000, p. 32.
23. *Malaysiakini*, 13–14 May 2000.
24. Wahid defines these as "the common laws of humanity: efficiency, openness, honesty, equal treatment for the law, despite the different origins of people." Abdurrahman Wahid, "The Future of Asia" (Nikkei Shinbun Inc, Tokyo, 8 June 2000). The universality of this clarification seems, on the face of things, to contradict the idea that it defines aspects of being Asian *per se*.
25. Demonstrations for the removal of Megawati as head of the PDI in 1996 were blamed on communist agitators — which was even written into the story-lines of popular television serials.
26. See Secretary of State Madeleine Albright, "Press Stakeout Following Bilateral Meeting with Indonesian Foreign Minister Shihab", Bangkok, Thailand, 29 July 2000. Released by the U.S. State Department.
27. Or achieving human and geostrategic security through the *enlargement* of the democratic camp.
28. Hal Hill and Chris Manning, "RI-Australia Ties: What Went Wrong?", *Indonesian Quarterly* 27, no. 4 (1999): 287.
29. Dr Mahathir, Prime Minister of Malaysia, summarized feelings over Indonesia when he wondered aloud in a newspaper column if Australia was trying to break Indonesia up. However, it is important to note that such a solution is alarmist as it is well

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recognized in Australia that its interests are far better served by a unitary Indonesia. East Timor, never recognized as part of Indonesia by the international community, is very much the exception.

30. *Jakarta Post*, 24 April 2000.
31. Nancy Viviani, "The Sharp Deterioration in Relations Between Indonesia and Australia: An Australian Perspective", in *Indonesia in Transition: Social Aspects of Reformasi and Crisis*, edited by Chris Manning and Peter van Dierman (Singapore: Institute of Southeast Asian Studies, 2000), p. 120.
32. Hadi Soesastro, "Indonesia as Australia's Neighbour", in *Indonesia in Transition: Social Aspects of Reformasi and Crisis*, edited by Chris Manning and Peter van Dierman (Singapore: Institute of Southeast Asian Studies, 2000), p. 129.
33. These comments were made in a speech by the Indonesian Minister for Foreign Affairs, Alwi Shihab, "Indonesia's Internal Development and Regional Stability", Institute of Defence and Strategic Studies, Singapore, 11 August 2000.
34. Keynote address by Alwi Shihab, "Rebuilding Mutual Confidence and Understanding: The Way Ahead for Australia-Indonesia Relations", The Australia-Indonesia Institute, Jakarta, 28 January 2000.
35. "Australia a threat to Indonesia, says minister", *Straits Times* (Singapore), 30 May 2000, p. 20.
36. 'Gus Dur's Timor visit', *Straits Times* (Singapore), 6 March 200, p. 46.
37. Graig Skehan, "Region urged to support Wahid", *Sydney Morning Herald*, 27 July 2000.
38. Quoted in "'E. Timorese want Indon rule again': Defence Minister says they are fed-up", *New Straits Times*, 18 September 2000, p. 21.
39. "Jakarta risking wrath of Security Council", *Sydney Morning Herald*, 27 September 2000.
40. Robert Go, "Timor handling may hurt aid, warns World Bank", *Straits Times* (Singapore), 20 September 2000, p. 4.
41. Shihab has stated, "We know that most of the world's capital is owned by the Jewish people." He has also explained that the Prophet Muhammad had trade contacts with the Jewish people. See "Alwi knows his way around the Mideast", *Jakarta Post*, 27 October 1999.
42. "Shimon Peres visits Jakarta, Yasser Arafat to follow", *Jakarta Post*, 16 August 2000. Wahid has publicly distinguished between administrative sovereignty and political sovereignty. Political sovereignty would be in the hands of six neighbouring countries and the United Nations.
43. Statement by Alwi Shihab, at the 13th Conference of Ministers of Foreign Affairs of the Non-Aligned Countries, Colombia, 8–9 April 2000.
44. Daniel Cooney, "Wahid sets Iraq trip with call to end sanctions", *Sydney Morning Herald*, 14 August 2000.
45. Rizal Sukma, "Values, Governance, and Indonesia's Foreign Policy", in *Changing Values in Asia: Their Impact on Governance and Development*, edited by Han Sung-Joo (Tokyo: Japan Center for International Exchange, 1999), p. 140.
46. They are Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Jamaica, Kenya, Nigeria, Malaysia, Mexico, Peru, Senegal, Sri Lanka, Venezuela, and Zimbabwe, with Iran and Colombia expected to join to bring the number to nineteen by May 2001.

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U.S.–Indonesian Relations During the Economic Crisis: Where Has Indonesia's Bargaining Power Gone?

TIMO KIVIMÄKI

The U.S.–Indonesian diplomatic "bargaining setting" has changed dramatically since the end of the Cold War. The changes in the structure of global power explain why, during the Asian economic crisis, the United States was able to wield considerable influence in support of its political objectives vis-à-vis Indonesia. It will be argued in this article that the hegemonic structure of Cold War international relations protected Indonesia's authoritarian élite from the global pressure towards democracy, and that the end of the Cold War explains why Indonesia became very exposed to this pressure during the regional economic crisis. While recognizing some of the positive aspects in the loss of bargaining power of Indonesia's authoritarian élite, the article also sees problems related to it and offers suggestions on how democratic Indonesia might avoid external pressures.

Introduction

After the meltdown of its economy and the rescue operation launched by the International Monetary Fund (IMF) in December 1997, Indonesia has frequently been referred to as the Republic of the IMF, or as a victim of U.S. colonialism. In order to get help for its desperate economy, Indonesia's leaders have had to compromise many of their values and interests to the demands of the country's creditors. In 1998, Indonesian President Soeharto had to step down partly as a consequence of

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external pressure: he resigned only hours after U.S. Secretary of State Madeleine Albright had urged him to perform a "historical act of statemanship for the democratization of Indonesia". In Soeharto's words, "[a] foreign power made me quit".[1] In 1999, Indonesia had to accept that East Timor would secede to United Nations (UN) control in preparation for full independence. East Timor was considered by Indonesia to be an integral part of its territory.

During the 1970s, only twenty years earlier, Indonesia had successfully negotiated an increase in its military aid from the United States by releasing some of its left-wing political prisoners, thus signalling to the leader of the anti-communist world that Jakarta's support could not be taken for granted. In the same manner, under Soekarno, an economically weakened Indonesia had bargained for political concessions from the United States and, accordingly, received U.S. aid.[2]

What is it that has made Indonesia and many other developing countries so vulnerable to external influence? Why did democracy gain ascendancy after failing for so many decades? Even if one does not accept the idea of a new colonialist period, it seems clear that the present period makes developing countries easier to penetrate than they were only two decades ago. Or even if one does not accept Francis Fukuyama's prediction of the final global victory of liberal democracy, one must accept that in recent years authoritarian regimes have found themselves increasingly isolated, externally and internally.

In this article, the ability of Western democracies to impose their ideals on developing countries is explained unconventionally. Instead of saying that this is merely a part of the process of globalization, it will be shown that, in the case of Indonesia, the phase of the cyclical hegemonic development played a major role in making Soeharto and Habibie yield to the democratizing pressure of the United States. In this alternative argument, states and political power — and not merely new agents of globalized world politics, such as banks, non-governmental organizations (NGOs), and regional organizations — still have a role to play in world politics. It will be argued that the collapse of the Cold War hegemonic order made it easier for the United States to devote itself to ideological objectives: it no longer needed to "waltz" with dictators to legitimize and manage its leading role. The collapse of the Cold War also meant the disappearance of the challenge to U.S. leadership. This disappearance made it impossible for Indonesia to use the "Soviet/PRC Card" of resorting to the hostile camp if the terms of co-operation with the West did not please, or was conducive to, it. It will be argued that the changing global power structure related to the collapse of Cold War hegemony made it possible for the United States to reframe U.S.–

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Indonesian relations. In this new frame, the concessions of Indonesia were prioritized and the conditionality of the U.S. contribution was conveniently hidden behind the "realities of the global economy". Within the new perceptual setting, it was easier than before for the United States to push Indonesia towards democracy and yet it did not need to make the large contributions and concessions to Indonesia that it had before. More generally, on the basis of observations of U.S.–Indonesian relations, it can perhaps be assumed that we are witnessing a period of change in the image of the United States from being a "benign hegemon" to an "arrogant superpower" — one, however, which seems more efficient in the international promotion of democracy.[3]

The explanation of the collapse of Indonesia's negotiating leverage proceeds from objective international levels of power politics, via the discursive level of interpretations of U.S.–Indonesian relations, finally to concrete bargaining issues. These three layers of U.S.–Indonesian relations are analysed separately instead of simply examining the developments chronologically. This is done because the power realities (the end of the Cold War order), the discursive reality (the construction of norms and facts of U.S.–Indonesian relations), and the bargaining processes themselves, constitute separate layers that should be analytically kept apart in order to understand the dynamics of U.S.–Indonesian relations. Power realities were reflected in the discursive struggles that constructed the norms and interpretations of U.S.–Indonesian relations, which again provided a framework for the concrete bargaining between the United States and Indonesia.

End of the Cold War Hegemonic Order

The United States is as powerful as ever. Its relative share of the world's economic output or military spending is nowhere near its share in the 1950s but, in absolute terms, the United States is still very strong. As can be seen in graphs one and two, compared to Indonesia, the United States has lost some of its relative military and economic power, but the decline has not been drastic or sudden.

Yet, it is often claimed that the United States has lost its leading hegemonic position. As David Wilkinson has argued, the current power configuration of the world system is unipolarity without hegemony. This is due to the loss of the hegemonic mission and the hegemonic challenger. The United States no longer has a clear global role, the Western world lacks a common basis for assessing world politics, and there is no single rationale for a normative order. Furthermore, the United States "was deprived of an enemy"[5] — it has lost the "other", against whom it could define its national mission and identity. Thus,

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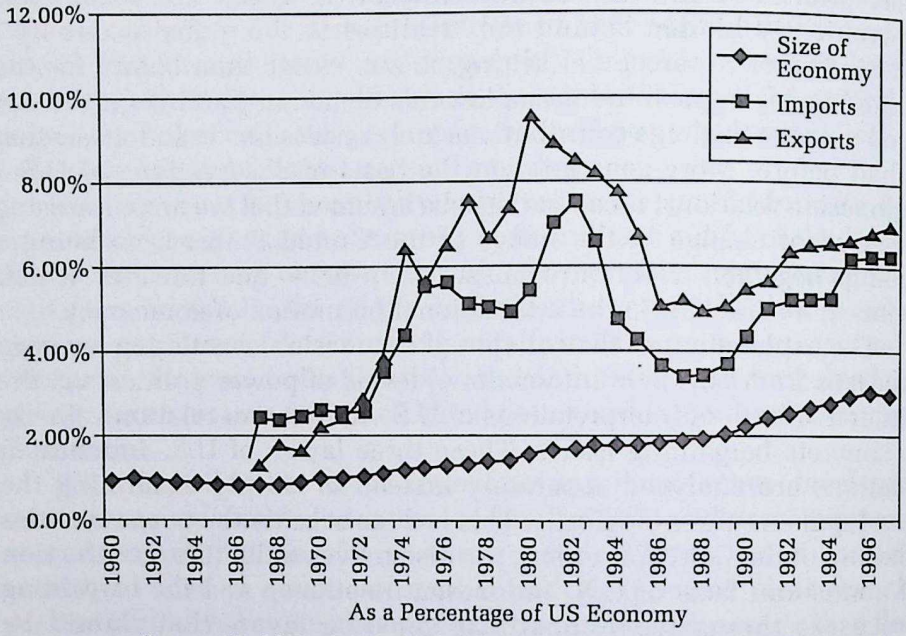
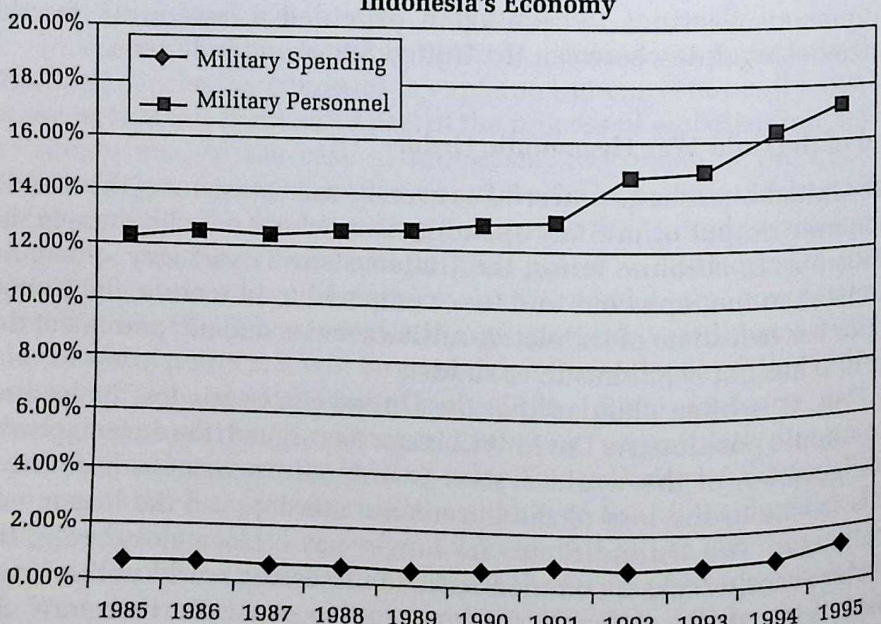
GRAPH 1
Indonesia's Economy



As a Percentage of US Economy

Source: World Bank, *World Development Indicators on CD-ROM* (1999).

GRAPH 2
Indonesia's Economy



In Comparison with US Military Personnel and Spending

Source: World Bank, *World Development Indicators on CD-ROM* (1999).

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the United States has lost its reason to ignore its more warranty-defined self-interest in global affairs.

The end of the Cold War affected the U.S.–Indonesian relationship in ways that could be defined in economic terms of bargaining. On the one hand, the supply of leadership collapsed with the demise of the Cold War system. It was no longer possible for the authoritarian leaders of Indonesia to use the "Soviet/PRC Card" if the Americans did not treat Indonesia right. A perfect illustration of the influence of the "Soviet/PRC Card" in framing U.S.–Indonesian relations can be found in an extremely frustrated message from U.S. Ambassador Merle Cochran to Washington in 1952. In this message, he complained of how Indonesians were "threatening to do business with Commies if we do not meet their trade demands as well as terms on which they are willing to accept our taxpayers' money".[6] While during the Soekarno era the Soviet/China Card was sometimes played very actively, the commitment of Soeharto to anti-communism prevented his active use of it. Indonesia did, however, at least once consider buying military hardware from the Soviet Union, when pushed by President Carter over human rights issues. Despite the lack of its active use during the New Order, the Soviet/PRC Card also influenced U.S.–Indonesian bargaining at that time. The United States wanted to support Soeharto's regime for the very reason that it represented an anti-communist force within Indonesian society. Thus, even though the Soviet/PRC Card was not actively played, the existence of an alternative camp improved Soeharto's bargaining position.

While the Soviet/PRC Card affected bargaining positions during the Cold War, it did not have the effect Indonesia's élite would have hoped for during the economic crisis of 1997–2000. A similar strategy was tried. As a result of U.S. Congressional humiliation of Soeharto on the issue of the sale of F-16 fighter aircraft in 1996–97, the Indonesian political élite decided to take a well-publicized tour to Russia to see whether the intended F-16s could be replaced with Russian MiGs. This move had previously caused anxiety and often concessions from the Americans, but this time not even the Pentagon perceived it as offensive or threatening.[7] In 1998, Soeharto tried to motivate U.S. support for his regime by claiming that the anti-Soeharto/Habibie reform movement was controlled by communists. Instead of getting support for the common U.S.–Indonesian battle against communism, the United States more or less allied itself with these alleged communists against Soeharto and the Golkar Party. Neither did the Indonesian people believe the communist allegations. They simply considered the allegations as "scapegoat politics".[8] Clearly, the Cold War-framing of politics was no longer available to the authoritarian leadership.

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The political power of Indonesia's élite has also weakened because of factors related to the "demand" side of the international power structure. With communism discredited, all developing countries are competing for the same capitalist markets, sources of investment, aid, and advice. Thus, South-South solidarity has become more difficult, since countries in the South are competing for the same limited resources.[9] Yet, since the influence of South-South co-operation on the bargaining power of developing countries has seldom been important (with perhaps the Organization of Petroleum Exporting Countries [OPEC] being one of the main exceptions), the "demand" side is probably a weaker component in the explanations of the decline of Indonesia's bargaining power *vis-à-vis* the United States.

The setting of relative power resources has also had a peculiar influence on the bargaining power of the United States *vis-à-vis* the authoritarian élite of Indonesia. During the Cold War period, bargaining often had to do with economic compensations from the United States in return for contributions of strategic co-operation by the Indonesian political élite. While the United States was very concerned about the strategic priorities, its relative wealth made it rather insensitive to economic compensations. Thus, economic strength became a liability as it made it more "price insensitive". In 1952, when the United States was trying to obtain Indonesia's compliance with the United Nations embargo against the People's Republic of China, there was a revealing conversation in the U.S. National Security Council. The Secretary of the Treasury had tried to claim that it was not economically possible for the United States to purchase Indonesian tin, which Soekarno otherwise threatened to sell to China. Economic arguments were overruled by Secretary of State John Foster Dulles who referred to the importance of strategic interests and the United States' strong economic position. The United States could afford "a few unemployed people here and there in the United States" if it were a question of strategic priorities.[10]

It was unpatriotic for the U.S. Congress or the Secretary of the Treasury to even consider using economic arguments against wider strategic considerations. Such arguments were often seen as undermining the importance of America's global anti-communist mission. After the decline of the hegemonic mission and the beginning of U.S. economic travails, Congressional pressures started to affect U.S. foreign policy. The United States was now less eager to pay whatever it cost to obtain compliance and loyalty. According to a former USAID director in the Philippines, this development was the best thing that could have happened to U.S. bargaining leverage in Southeast Asia.[11] Since the 1970s, the U.S. Congress has been used as an "externalized"

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reality for the management of U.S.–Indonesian relations. U.S. administrations have been able to play the role of good collaborators, who have been forced, along with the Indonesian élite, to take into consideration the selfish economic interests of the U.S. Congress. This is a result of the reduced American sense of strategic mission and its declining economic power: "the U.S. is no longer rich enough or determined enough to bribe nations for power political reasons and this has strengthened its bargaining position *vis-à-vis* Indonesia".[12]

During the Indonesian crisis, the improved bargaining position of the United States caused by the factors mentioned above was reflected in a decline in expectations of U.S. contributions to the Indonesian economy. At the same time, to justify U.S. financial outlays to the IMF, Congress has been pushing the U.S. administration for a visible political role. According to many administrators of U.S. aid regarding political relations with Indonesia, pressures from Congress to show that American contributions provide benefits and bargaining leverage are felt very concretely in the form of direct and indirect pressure from Capitol Hill (through senior officials in the State Department). A senior Indonesian diplomat described the situation as follows: "The United States wields determinate power in the IMF, so, in order to continue the rescue package, the IMF has to take U.S. interests into consideration. Since Congress is in charge of the U.S. budget, the United States administration has to take into account the domestic power plays of Congress as well. This way, Indonesia's rescue becomes a hostage to U.S. domestic politics."[13]

The end of the Cold War power setting also affected Indonesian perceptions of the costs of yielding to the United States. Indonesia's bargaining behaviour has very much been characterized by a hypersensitive attitude towards this leading Western nation. At times, because of these nationalistic sensitivities caused by U.S. ability to project power, it was, according to one U.S. ambassador, politically impossible for Indonesian politicians even to be seen in public with an American official.[14] Obviously, the fact that close relations with the United States was viewed as proof of corruption or cowardice increased the domestic costs of yielding to the "world hegemon". This affected the diplomatic "terms of trade". However, the end of the Cold War weakened the Indonesian perception of the United States as a nation that had always had a hidden agenda in its foreign policies. According to the political counsellor at the U.S. Embassy in Jakarta and a senior official in the Pentagon, Indonesia no longer holds its hypersensitive attitude towards the United States.[15] This softened attitude reduced the domestic costs for the political élite of yielding to the United States.

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Although this is naturally a good thing for Indonesia's diplomatic relations, it weakens the relative bargaining power of the Indonesian élite *vis-à-vis* the United States.

"Facts" and Norms in Indonesian Diplomatic Bargaining

The structural strengthening of the U.S. bargaining position was clearly reflected in the ways in which the negotiation setting was perceived and the shared reality of U.S.–Indonesian relations was constructed. The collapse of any alternative to the principles of the market economy had resulted, by the latter half of the 1990s, in a situation where the West more or less monopolized the diagnosis of the economic crisis. At the beginning of 1998, Indonesia was flirting with the idea of presenting the financial markets with a currency board, but this proposal did not last. The world vision of the IMF was that the rescue had to be based on market-oriented principles rather than those which had been supposedly proven wrong by the collapse of the command economies.[16] The weight of this interpretation was increased by the public diplomatic logic of the United States,[17] according to which the IMF rescue operation was feasible only if Indonesia was committed to tackling underlying structural flaws in its economy. Thus, if Indonesia's diagnosis was different, there could not have been any common perceptual basis for co-operation between the IMF and Indonesia, and IMF support to Indonesia would not have been possible. It was not possible for Indonesia to have an alternative, illiberal diagnosis of the crisis, and yet continue to co-operate with the IMF. Thus, Indonesia's political élite had to adopt the neo-liberal orthodoxy as the perceptual basis of its international strategy, even though many (in fact, probably most) of the senior diplomats as well as many of the leading economic technocrats did not personally believe in it. [18]

During the Cold War, Indonesia had to acknowledge the fact that the United States saw the world in terms of Cold War logic. Yet, this logic was never acted upon by Indonesia in its domestic policies during the Soekarno period. Even if, during the New Order, the Cold War logic was very real, Soeharto's neutralist conclusion reflected an interpretation of the logic, which was different from America's. In the 1950s, Indonesia had proceeded with its nationalistic, neutral policy of "rowing between two reefs" as defined by Vice-President Mohammed Hatta in a speech in 1948.[19] The first military and economic aid agreements were formed on the basis of the principle that Indonesia was not to be coaxed into the Western camp. The first military aid package to the Indonesian constabulary was seen as necessary by the U.S. Secretary of State[20] in

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order "to maintain the internal security of that country against communist encroachment". Similarly, economic aid was seen as beneficial even in the absence of Indonesia's commitment to the West in order "to strengthen the popularity of government leaders who are already anti-communist and at least tolerant towards Western interests".[21] While anti-communist Congressional pressures forced the U.S. administration towards coherence between objectives and conditions for aid, U.S. ambassadors in Indonesia during the 1950s tried their best to twist rules and regulations to enable aid to reach a nationalistic but neutral Indonesia. The bargaining of these ambassadors took place within a perceptual framework where nationalist neutralism was considered acceptable despite the fact that this was not an official U.S. perception. In the 1960s, Indonesia challenged the Cold War system by introducing an international division between new emerging forces (developing countries) and old established forces (imperialist capitalists). This perception was the basis of Indonesian bargaining power. Despite the fact that the United States never accepted it, Indonesia was able to gain political concessions (pressure against the Netherlands on the question of West Papua, for instance) and offers of economic aid from the United States.

During the economic crisis of the late 1990s, there were certainly less opportunities for alternative conceptions of the world. The idea in parts of Asia that democracy and capitalism were possible in the absence of Western-type liberal values and norms was very much a casualty of the Asian crisis. The compatibility of "Asian political values" with modern capitalism and democracy was not necessarily discredited among Asians themselves. However, the crisis certainly destroyed the credibility of the non-liberal Asian discourse within the global diplomatic community. In part, many American diplomats (interviewed for this article) felt that the crisis revealed the weakness of this discourse, but the collapse of the counter-discourse was certainly also caused by power relationships. Indonesia, dependent on Western markets for its economic survival, could not stubbornly continue its differing views on the fundamental principles of political economy.

Liberalism as part of the formula for an Indonesian economic rescue not only precluded certain strategies (like the currency board) but also directed attention at the non-liberal elements of the Indonesian political economy. At the beginning, the IMF realized that the "problems in these countries were mostly homegrown" and related to deviations from the liberal formula.[22] Later, the non-liberal elements became increasingly visible to the World Bank and the United States. They saw them as a result of more fundamental weaknesses in the

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entire political economy, which allowed the misuse of political power in the economy. The main overall problem was corruption, which eroded market confidence in Indonesia and the country's attractiveness as a destination for international capital. Thus, since the problem was primarily homegrown, not international, U.S. diplomats informed the Indonesian élite that it was not the responsibility of the international community to come to the rescue and bail the country out.[23] The idea of assistance to bail out the corrupt leadership could probably have been applied to earlier Indonesian economic crises too (certainly in the mid-1960s). However, during the Cold War, a crisis always justified unconditional U.S. assistance — that is, whenever Indonesia could be persuaded to receive U.S. "taxpayers' money". The United States also did not want to deal with Soekarno on aid questions once he had dissolved Parliament, established a presidential Cabinet, declared his concept of "guided democracy", and, most importantly, started to share power with the Indonesian Communist Party. But all they could do at the time was to minimize relations (as was done during Dwight Eisenhower's presidency), or to "waltz" with the dictator (a policy also followed by John Kennedy).[24]

The basic difference in how U.S. assistance was framed during the crisis of 1997–99, compared with the period of the Cold War, was related to causal chains in which the international contribution and interest in the promotion of democracy played certain roles. During the Cold War, U.S. aid and support were the first element in the causal chain. Aid was to produce economic stability, which again was to produce political stability, which then would reduce the probability of Indonesia generally collapsing and/or adopting a variation of Marxism. This reduction of the risk contributed to the global promotion of democracy, against its totalitarian challenges.[25] After the Cold War, the common perception of the causal chain was turned around. Indonesian political concessions towards reform and democracy were needed so that general conditions for political stability could be created. Political stability was needed to promote economic stability, which again was a necessary condition for recovery. International contributions were possible and meaningful only in the absence of major economic and political turbulence.[26] Thus, assistance was framed in such a way that the Indonesian contribution and concession, instead of a U.S. contribution, was seen as the primary element. The international contribution was to take place only if all other links in the causal chain were in place and aid was still needed. The change in the framing of the U.S.–Indonesian relationship can be summarized in the following manner.

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The Framing of U.S.–Indonesian Relations

Cold War:
U.S. Aid → Economic Stability → Political Stability → Suitable Climate for Co-operation.

Post-Cold War:
Indonesian Reform → Political Stability → Economic Stability → Suitable Climate for Co-operation.

This reversal of the causal chain served a diplomatic and psychological purpose. It concealed blunt economic conditionality and political exploitation of Indonesia's vulnerable position. Anything declared as a condition for political and economic stability could also be considered a condition for the U.S. commitment to the IMF package. There was no need for public threats, it was enough to assess the "objective" conditions of anything that lay in a more primary position than the IMF package in the causal chain of recovery. If, for example, there was a lack of political stability, the climate would not be right for the rescue effort. Any moves declared to hamper economic or political stability could be interpreted as decisions against the international contribution. This is how the word "stability" became a code-word for conditions in the diplomatic language. Whatever the United States declared as "requirements for stability", could be read as "conditions for support".

Under the Soeharto regime, structural banking and corporate reforms of the Indonesian political economy were impossible as long as the biggest stakeholder, Soeharto himself, was on top of the political hierarchy. According to one senior Western official involved in the Indonesian economic recovery effort, asking Soeharto's administration to reform the corrupt political economy was like asking someone to amputate his right arm. Furthermore, since the new U.S. construction of international relations divided up the world between the democratic community of nations, on the one hand, and authoritarian regimes, on the other, there was no sympathy for Indonesia as long as it was represented by an authoritarian regime. According to a British debt negotiator, "the sad fact is that international banks never accomplish much unless they are pushed by the US Treasury". During Soeharto's presidency, this pushing never even started. "Once the problem came to be defined as Soeharto, it (the debt issue) became insoluble ... It was no longer a question of what to do for the banks and corporations. Everyone focused on Soeharto."[27] Thus, before the fall of Soeharto, international help in solving the debt issue was not forthcoming. After the fall of Soeharto, senior diplomats at the Indonesian Embassy in

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Washington D.C. held that debt had suddenly become the issue on which most progress was made. Thus, even though economic conditionality was not officially used in relation to the crisis, "help in the reform question would not have made sense before the conditions existed for such assistance".

According to both U.S. Secretary of State Madeleine Albright and then Deputy Secretary of the Treasury Lawrence Summers, free and fair elections and a reduction of violence in conflict-prone areas were conditions for political and economic stability. These again were conditions for a meaningful international rescue effort.[28] Elections were also emphasized as conditions for a favourable investment climate and success in economic recovery by former U.S. Ambassador to Indonesia and Assistant Secretary of State for East Asia and the Pacific, Paul Wolfowitz.[29]

President Clinton, too, made it clear that elections and the avoidance of overt military force when dealing with rebel territories constituted "objective" preconditions for the climate necessary for international support and Indonesia's recovery. According to the *New York Times*, the World Bank loan package was frozen before the elections because of pressure from the White House to prevent the government from buying votes with international loan money.[30] The IMF declared after the start of intensive army-backed militia activity in East Timor, that: "For the time being, the IMF has decided not to send any missions to Indonesia. The discussions of the programme review which would lead to the disbursement of the next instalment of the IMF's financing package, and which were originally scheduled for mid-September, will take place once the right conditions exist."[31]

The reason for a common belief that the international rescue package is important for Indonesia's recovery, and worth the political sacrifice, is partly based on imperfect understanding, both on the part of the United States and Indonesia. Interviews conducted by the author with U.S. and Indonesian officials revealed a clear difference between the views of political and economic officials. Most economic officials gave less weight to the efforts of the international agents of the political economy (such as states, the IMF, and the World Bank), and more weight to the beliefs and perceptions of investors. There seemed to be a more monolithic perception of states, especially the United States, among political officials. If the markets/investors/traders of the United States were considered meaningful for Indonesia, it was assumed that political decisions made by the United States always had an impact on Indonesia, as though the state could really control individual American investors. Furthermore, the economic contribution of the American market/investors/traders to Indonesia was often grossly exaggerated by

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many political officials. A senior Indonesian official involved in U.S.–Indonesian relations tried to convince the author that the United States possessed 78 per cent of the IMF's voting power (when in reality it only has 17.35 per cent). Some statements by a U.S. official involved in U.S.–Indonesian relations suggested that views of American officials on the voting power of the United States were not much different.

While interactions between the United States and Indonesia generally consists of political concessions by Indonesia and economic concessions by the United States, the disparity between the interpretations of the U.S. role in Indonesia's economic recovery clearly plays against the political élite of Indonesia. Even if the United States were not on the list of the five largest sources of investment in Indonesia; and even if the U.S. Government does not really control its investors, it is enough for U.S. bargaining power if the administrators of U.S.–Indonesian relations *believe* that the United States is important.

Persuasion, Bargaining, and Co-operation on Democratization

When examining the relationship between U.S. influence and Indonesia's democratization, one can identify six important processes towards democracy that Indonesia has gone through in co-operation with the United States.

1. The process that led to an agreement with the IMF, which was ultimately to challenge some of the clientelist characteristics of Indonesia's financial system.
2. The bargaining process which led Indonesia to take the agreement seriously and attempt to implement it.
3. The process that led to the expansion of the political conditions attached to the rescue package, related to the corporate sector, banking, and the implementation of the development budget and elimination of corruption.
4. The resignation of Soeharto, which also involved international bargaining on Indonesia's democratization.
5. The declarations by the interim President, B.J. Habibie, upon elections, on the removal of restrictions related to the establishment of political parties and on the release of political prisoners.
6. The steps taken by Indonesia, under U.S. encouragement, to reverse Indonesia's illegitimate claim that East Timor was part of Indonesia. The first concession in this process was the announcement by Habibie of autonomous status for East Timor. The second was the partial withdrawal of Indonesian troops

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> from the territory. The third was the announcement of a referendum on independence under the supervision of the United Nations. And the last was the decision to allow international military control by the United Nations for the security of post-referendum East Timor.

Even though the first process in which Indonesia accepted the IMF package has often been described as a matter of necessity under the economic conditions, one should realize that there was room for international influence here. The liberal diagnosis of the causes of the crisis was not self-evident. In fact, the initial efforts of the political élite to tackle the crisis suggest that, in President Soeharto's mind, the cure was ultimately illiberal rather than liberal. Instead of complying with the IMF prescription for tight fiscal policies, Soeharto personally authorized extensive inflatory measures to provide liquidity to the troubled banks.[32] The reason that the rescue effort was launched from a liberal platform was simply that this was the way to deal with international lenders.[33] Clearly, the liberalist pre-agreement played an important role here.

During the Cold War, this method of yielding to conditional loans would probably have been inconceivable. It would have been too difficult to put through an aid package, let alone a loan agreement with detailed strings attached. In the 1960s, Soekarno told donors to "go to hell with their aid", if contributions had strings attached. Throughout the 1950s, Indonesia explicitly refused liberal principles in politics and economics, dismissing them as foreign to the nation. Yet, there was much more aid per gross domestic product (GDP) in those days than there is now.

The Indonesian commitment to the IMF package also required some bargaining. Many Indonesian officials interviewed by the author felt that President Soeharto was under pressure to show that he was not a stumbling block to the IMF-led strategy for Indonesia's recovery. According to a high official of the Bank of Indonesia, Soeharto was unwilling to try to negotiate even those parts of the package that were harmful to the political stability of the country (especially the lifting of public subsidies for control of kerosene prices). Although the IMF showed considerable willingness to take matters of political stability into account, Soeharto did not dare to ask. At the same time, it seems that despite the willingness of the IMF to re-negotiate, the United States drew a harder bargain, by refusing all concessions. Even though State Department officials emphasized the leading role of the IMF in the recovery package, they also stressed that the role of the United States was to persuade Indonesia to comply fully with the terms of the

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package. U.S. officials also tended to admit in the interviews that they sometimes interpreted the terms of the agreement more strictly than did, for example, Australia, or the IMF. Thus, even though it was a commonly-held view among Indonesian economic officials that Soeharto could have received more concessions from the IMF, it may have been powers behind the IMF that had created the pressure on Soeharto to comply.

Another explanation for the fact that Indonesia complied with the destabilizing elements of the package might have been that Soeharto wanted to adhere strictly to all those elements that did not directly harm his family and his cronies. Even his family and cronies had put pressure on him, so much so that a newspaper report suggested that Soeharto's own children were in favour of him stepping down.[34] Regardless of whether the report was true, the mere rumour indicates that Soeharto was also persuaded not to comply with the IMF package. After the shutdown of the six most severely indebted banks at the outset of the IMF stand-by credit agreement, Soeharto's own son sued his father's government for closing down his bank.

Although Soeharto's Indonesia complied with many of the terms of the IMF package, some of the elements directly hurt the President's family and cronies. In addition to closing many of his cronies' banks, Soeharto had to authorize the end of many clientelistic monopolies and expensive government infrastructure projects in which his family and cronies were beneficiaries and contractors. Soeharto's compliance with these elements of the package was clearly not complete, and the perception of U.S. officials was that Indonesia failed on crucial points of implementation. These elements which affected Soeharto himself and his closest family members and associates were naturally regarded as test cases of implementation. Yet, if one studies carefully the report on the implementation of the package leaked by the Australian Embassy in Jakarta,[35] one would realize that a number of measures that must have hurt the economic standing of the presidential family were taken. Soeharto certainly sacrificed many of his friends and relatives. Protests from his family prove the point. According to Tommy Soeharto, the IMF was "meddling in almost all aspects of life in Indonesia, virtually colonializing the country".[36] Owing to the liberal discourse of Indonesia–U.S. relations, these nationalistic complaints were not taken seriously in diplomatic circles. They were treated as nothing but grievances of corrupt cronies who had always benefited from the monopolies, licences, and other forms of political interference by the state in the economy.

Nationalistic feelings were, however, quite real in Indonesian (especially Javanese) society. This is why all direct international

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influence persuading Soeharto to step down was carefully concealed.[37] Even though any process of democratization is mainly a product of civil society pressures, it is probably fair to say that the international community played an important role in this transition. On the one hand, political upheaval was triggered by the rise in the price of kerosene, which again was planned in the IMF's rescue package. Furthermore, compliance with this particular element of the package was insisted on by the United States. Secondly, the élite-level protest was mainly motivated by economic matters and the "ministerial rebels" who resigned in protest at Soeharto's economic policies, and were led by Indonesia's chief interlocutor on the IMF package, the Co-ordinating Minister for Economic Development, Ginandjar Kartasasmita. The liberal U.S. interpretation of economic "necessities" was easily incorporated into the Indonesian élite thinking of the time through all the economic technocrats, but especially through Ginandjar. Furthermore, the role of U.S. public diplomacy was crucial, despite denials of intentional interference by U.S. officials. According to several senior Indonesian diplomats interviewed, the most important external factor forcing Soeharto to resign was the speech by U.S. Secretary of State, Madeleine Albright, in which she urged Soeharto to undertake an "historical act of statesmanship". What went through President Soeharto's mind remains uncertain, however. His own statement about a foreign power pushing him to quit does, however, give some indication. Yet, since this statement was given to a newspaper, it can also be expected that Soeharto made it partly to gain sympathy by appealing to nationalistic sentiments in Indonesia. Furthermore, the fact that Soeharto refused to name the "foreign power" adds to the uncertainty over his motivations.

The toppling of Soeharto loyalists in the aftermath of Soeharto's own fall, especially that of his son-in-law, Prabowo Subianto, from the hierarchy of the armed forces, was probably also somehow linked to U.S. pressure, even though it was mostly related to domestic and intra-army intrigues. It cannot be proven that newspaper reports implicating Prabowo to internationally-condemned incidents of kidnapping and shooting of student activists and involvement in anti-Chinese riots stemmed from the U.S. ambassador. Yet, the mere rumour (which, incidentally, was quite persistent among the residents of Jakarta) that it was the United States that had caused Prabowo's fall, emphasizes American power during a legitimacy vacuum that the new President, B.J. Habibie, tried to fill.

Economic "realities" in Indonesian politics continued to play a role after the downfall of Soeharto, as Habibie began consolidating his power base. During Habibie's first month in power, the time was not

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right for the continuation of the Western contribution to the IMF package or to Indonesia's recovery. Before conditions became suitable, Habibie promised elections, freed the first political prisoners, and made a surprise announcement at a press conference about his government's offer of wide-ranging autonomy for East Timor. Not only international economic realities pressured Habibie but also those from within his Cabinet, as only a few days after the nomination of the Cabinet, five new economic ministers called for a general election. It is telling that the need to expedite the democratic process was felt most strongly by the economic ministers. Again, the leader of the ministerial "rebel group" was the chief IMF interlocutor, Ginandjar Kartasasmita. Obviously, Habibie felt the need to consolidate his power-base, and the politicized masses that brought down Soeharto were also a key factor forcing Habibie to promise new elections.

Democratic progress with regard to East Timor's status was clearly part of an Indonesian-U.S. negotiation. The continuation of international economic support in the form of (concessional) loans was clearly linked to the East Timor question. As a result, IMF interlocutor, Ginandjar Kartasasmita, once again played an important role in these decisions. Both advisers to President Habibie[38] and officials at the Foreign Ministry's directorate for international organizations[39] (which assumed responsibility for the East Timor issue in international diplomacy) emphasized in interviews with the author the role of international economic realities in relation to the question of East Timor. East Timor had also been a diplomatic problem for Indonesia, and a reason why Indonesia had lost much international standing.[40] Considerations related to Indonesian diplomatic credibility and market confidence were most probably referred to in U.S. pressure behind-the-scenes that secured Habibie's invitation to international troops in the form of the Australian-led INTERFET (International Force East Timor). They were surely used in the public statements by the United States and the IMF before and after the East Timor referendum and during the APEC summit in 1999.

A closer look at Indonesian decision-making on East Timor consolidates this argument further. The first step in the process was taken by Habibie at an international press conference. It was the only spontaneous move in which the President played solo on the issue of East Timor.[41] The fact that the first concession was made in front of the international media, before conditions were right, to resume IMF co-operation (after the May riots of 1998) suggests that market confidence and U.S. recognition of the democratic credentials of the new President played a role. According to an assessment by a senior Southeast Asian diplomat in Jakarta, progress on the issue of East Timor may have been

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largely due to the ambition of the President to show the West his personal commitment to democracy.

The second major step in the East Timor issue — the question of a referendum on independence — was adopted unanimously by the Cabinet in an extended Cabinet session.[42] The basis for discussion had been a letter from Australia's Prime Minister, John Howard, about the intention of Australia to change its policy on East Timor.[43] The letter, with Habibie's notes in the margin, was the document over which the Cabinet meeting was held. Key ministers, Ali Alatas, General Wiranto and Feisal Tanjung, were requested to write comments on the basis of that document.

The decision to allow international troops to come in after the referendum was approved by an "extended half" of the Cabinet. This group consisted of all ministers under the Co-ordinating Minister for Political and Security Affairs, and the chief IMF interlocutor and Chief Economic Minister, Ginandjar, as well as the presidential advisers and the chiefs of army, navy, and air force staff.[44] The fact that Ginandjar was in a key position (even though he was not under the Co-ordinating Minister for Political and Security Affairs) proves further that the decision to invite international troops had both a security and economic rationale. After all, this policy was made in a situation where the IMF had "decided not to send any missions to Indonesia" because of unstable conditions.

Conclusions, Projections and Opportunities

The intention of this article is not to demonstrate the relative importance of U.S. diplomacy in the process of Indonesian democratization. Although its focus has been on the influence of the United States *vis-à-vis* the Indonesian élite, the United States was not the only meaningful actor in the process. Japan, certain Western European countries and Singapore, for instance, exerted much leverage in their diplomacy, even though they had not profiled themselves as forefront actors in the international (perhaps Western) lobby for democracy. Still, their role in encouraging many elements of good governance and a fight against corruption must have been very important. Even more important, the leading role of civil society should not be ignored when seeking a full explanation of the bargaining process that finally persuaded the authoritarian élite to hand over power to a democratically-elected political leadership. The role of the international community and the United States does not downplay the role of Indonesian civil society.

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This article has demonstrated that part of the political bargaining on the issue of Indonesia's economic crisis took place as a precursor to explicit negotiations. This is why the "negotiation of the negotiation setting" (pre-agreements, shared reality) and its structural determinants need to be studied explicitly. The actual crisis-related negotiation processes themselves were heavily conditioned by global power structures and, more directly, by the pre-agreements of negotiation mentioned above. Often, negotiations over controversies did not even take place as they were not considered matters for bargaining: strong pre-agreements made these issues matters of necessity rather than matters that could be debated in political fora. Politics was particularly well "hidden" in the process of reform and democratization in Indonesia. Co-operation and negotiation did not follow a political script, but merely reflected the "economic necessities" as they were interpreted. The political script was often hidden in the "negotiation" and persuasion of a certain interpretation of the world, rather than in the actual negotiation. Thus, an analysis that focuses only on the negotiations would fail to reveal the international influence on the level of meta-negotiations, and would tend to trivialize the political elements of bargaining. This is also why most of the diplomats saw the processes as the administration of the one and only way out of the Indonesian economic crisis.

When following the meta-bargaining processes, one clearly notes that the removal of the Cold War context created a setting in which the authoritarian élite of Indonesia was too weak to resist U.S. determination in supporting democracy in Indonesia. The changing global power setting affected the bargaining leverage of the negotiators (the Indonesian élite and the United States), mainly through influencing the way in which the diplomatic relationship was framed. The liberal understanding of the crisis became the only correct interpretation, reduced the possibilities of exploiting the hegemonic concerns of the United States, and weakened the alternatives to Indonesia's co-operation with the Americans. One is tempted to conclude that the bargaining power of the United States in encouraging democracy in Indonesia worked in favour of the majority of Indonesians. Yet, the vulnerability of Indonesia as a country in post-hegemonic world politics is a regrettable matter. The strength of the United States in the new unipolar world order, where it no longer seems to have a hegemonic mission or responsibility, means that Indonesia no longer has access to some of its traditional bargaining assets *vis-à-vis* the international political economy. In its Indonesia policies, "the United States has shifted from being a benign hegemon to an arrogant

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superpower".[45] To regain more symmetrical relations, democratic Indonesia would probably be well advised to follow very carefully developments in U.S. policy formation.

If the United States begins to assume greater responsibility for building up and protecting a "pacific community of democratic nations" (as a parallel to the previous "free world" that the United States assumed a leading role in protecting), new opportunities appear in Indonesian bargaining. Learning from the history of the Cold War, Indonesia should keep its options open for alternatives to the U.S.-led community of nations. During the Cold War, Indonesia could gain leverage by flirting with the idea of a pan-Asian order as an alternative to a U.S.-led "free world". The recent initiative by President Abdurrahman Wahid regarding a triangle of regional leadership involving Indonesia, China, and India, could serve this purpose even if the idea is seen by U.S. diplomats as far-fetched. By using the "Asia card" in a sophisticated, unthreatening, but persistent way, Indonesia could win back some of its lost bargaining power. Furthermore, if the United States starts assuming leadership among the "pacific community of democratic nations", Indonesia would probably do well to make sure that U.S. officials appreciate the economic conditions of democracy in Indonesia. In order to make democracy work, in terms of producing more democratic services — that is, not only political decisions, but efficient implementation as well — Indonesia must implement a painful reform of its public sector. In this effort, the nation could use a friend to help with the worst economic problems. If a genuine American sense of global responsibility for spreading the "zone of democratic peace" matures among American policy-makers, a spontaneous interest in this kind of help might emerge. The fragility of the new democracy in Indonesia could create a similar setting to that of the Cold War. At that time, the United States needed to help Indonesia economically in order to prevent it from falling to the "enemy camp". The United States could again have a genuine interest in keeping Indonesia within the "pacific community of democracies" by being more supportive towards Indonesia's economy.

NOTES

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1. *Straits Times*, 28 January 1999, translated from the original source, *Haryan Terbit* newspaper.
2. For a more detailed analysis of this bargaining process, see Timo Kivimäki, *Distribution of Benefits in Bargaining between a Superpower and a Developing Country: A Study of Negotiation Processes between the United States and Indonesia* (Helsinki: Finnish Society of Sciences and Letters, 1993), pp. 126–59.
3. The empirical investigation is based on documentary research augmented by interviews with people in strategic positions at the IMF, the World Bank, the U.S. Embassy in Jakarta, the Indonesian Embassy in Washington D.C., the U.S. State Department, the Pentagon, the Bank of Indonesia, Indonesian and other Asian foreign ministries, and Indonesian presidential advisors. Much of the interview material is based on interviews with people whose identity and affiliation cannot be revealed in this article. Comparisons with Indonesia's diplomatic bargaining during the Cold War are based on the sources in my previous analysis of U.S.-Indonesian diplomatic bargaining, 1947–1990. See Timo Kivimäki "National Diplomacy for Human Rights: A Study of U.S. Exercise of Power in Indonesia, 1974–79", *Human Rights Quarterly* 16, no. 2 (May 1994: 415–31); Timo Kivimäki, *Distribution of Benefits in Bargaining between a Superpower and a Developing Country: A Study of Negotiation Processes between the United States and Indonesia* (Helsinki: Finnish Society of Sciences and Letters, 1993); and Timo Kivimäki, "Strength of Weakness: American-Indonesian Hegemonic Bargaining", *Journal of Peace Research* 30, no. 4 (November 1993)].
4. Davis B. Bobrow, ed., "Unipolarity Without Hegemony", *International Studies Review*, Special Issue: Prospects for International Relations (Fall 1999), p. 141.
5. This expression was first used by a Russian diplomat, cited by Samuel Huntington in his article "The Erosion of American National Interests", *Foreign Affairs* (September/October 1997), p. 29.
6. Merle Cochran, *Foreign Relations of the United States 1952-54*, Part 2 (Washington DC: USGPO, 1984), p. 281.
7. Interview with Mary Tighe, Director of Indonesia, the Philippines, Brunei, Malaysia, and Singapore, U.S. Defense Department, 18 June 1998, Washington, D.C.
8. "Communist threat is scape goat politics: Survey", *Jakarta Post*, 21 October 1998.
9. Interview with Dewi Fortuna Anwar, then President Habibie's Press Secretary and Assistant to the Vice-President for Global Affairs, and Assistant Minister/State Secretary for Foreign Affairs, February 2000, Jakarta.
10. John Foster Dulles, *Foreign Relations of the United States, 1952–54* (U.S. Government Printing Office, 1984), p. 390.
11. Interview with Lewis H. Gleeck, Former USAID Director and senior diplomat in Manila, 12 December 1990.
12. Interview with Dewi Fortuna Anwar.
13. This citation also reveals the success of portraying Congress as an external reality that the U.S. Administration needs to tolerate. According to this diplomat, the United States has to take into account the needs of Congress, as if Congress was not part of the United States.
14. Howard P. Jones, *Indonesia, A Possible Dream* (Singapore: MAS AJU), p. 42.
15. Interviews with Pamela Slutz and Mary Tighe. Slutz is Head of the Political Affairs Department, U.S. Embassy, Jakarta, February 2000.
16. Michael Camdessus, in *IMF News Brief*, No. 98/4, 26 January 1998.
17. Interviews at the U.S. Embassy, Jakarta, February 2000.
18. Interviews at the Indonesian Embassy in Washington D.C., and with leading officials of the Indonesian Foreign Ministry and the Bank of Indonesia.

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19. Mohammed Hatta, "Mendayung Antara Dua Karang" [Rowing between Two Reefs], Speech on 2 September 1948, reproduced in Hatta, *Speeches* (Jakarta: Indonesian Government Publications, 1976).
20. Message to the President, "Foreign Relations of the U.S.", 9 January 1950, pp. 964–66.
21. U.S. Economic Survey Mission to Southeast Asia, 1950, Executive Summary, in Samuel Hayes, *The Beginning of American Aid in Southeast Asia* (Lexington: Heath Lexington Books, 1971).
22. Stanley Fisher, Address by Stanley Fischer, First Deputy Managing Director of the International Monetary Fund at the Midwinter Conference of the Bankers' Association for Foreign Trade, 22 January 1998, http://www.imf.org/external/country/IDN/index.htm.
23. Interview with Slutz.
24. How the United States came to guarantee the regime of Ferdinand Marcos of the Philippines is ably analysed by Raymond Bonner in his book *Waltzing with a Dictator* (London: Pinter, 1987).
25. This logic of justification of the U.S. contribution to the Indonesian economy can be seen most clearly in Ambassador Jones' policies and analyses of U.S.–Indonesian relations, in Jones, op. cit., pp. 42 and 44. See also U.S. Economic Survey Mission to Southeast Asia: Report No 5. (Confidential), May 1950, Declassified 1967, published in Samuel Hayes, *The Beginning of American Aid in Southeast Asia*, pp. 269–326. See also Acting Assistant Secretary of State for Far East, John M. Allison's letter, *Foreign Relations of the United States*, 1952–54 (Washington D.C.: USGPO, 1978), p. 771; and for the Ambassador's plan for West Papua, in John M. Allison, "U.S. Diplomacy in Southeast Asia: The Limits of Policy", in *Southeast Asia: Problems of U.S. Policy*, edited by William Henderson (Cambridge, Mass: MIT Press, 1963).
26. U.S. State Department, transcript: noon briefing, 27 May 1998 (Pt. 1/2).
27. Henry Sender, "A Tale of Why Indonesia Never Got a Debt Deal", *Wall Street Journal*, 4 November 1998.
28. Deputy Secretary of Treasury, "Summers Says Election Key to Indonesian Recovery", *Statement*, 22 February 1999; and Madeleine Albright, "Testimony in Front of the Senate Foreign Relations Committee", 24 February 1999.
29. "Free and Fair Poll Essential, Says Wolfowitz", *Jakarta Post*, 29 April 1999.
30. David E. Sanger, "World Bank Delays Aid so Indonesians Cannot Use It to Buy Votes", *New York Times*, 20 May 1999.
31. William Murray (IMF spokesman), "The Situation in Indonesia and the IMF", 16 September 1999, http://www.imf.org/external/country/IDN/index.htm.
32. Interview with Vicram Nehru, World Bank's Chief Economist in Jakarta, 16 February 2000.
33. Interview with Cyrillus Harinowo, alternative Executive Director, Indonesian Delegation to the IMF and former Director, Department of Monetary Management, Bank of Indonesia, 18 June 1998, Washington D.C.
34. Maggie Farley, "Foes Push Indonesia's Suharto to Act or Quit", *Los Angeles Times*, 11 January 1998.
35. The whole document was reproduced in *Australian Financial Review*, 20 March 1998.
36. *Associated Free Press*, 5 February 1998.
37. A delegation of an important research institute in Jakarta, the Centre for Strategic and International Studies, was in Washington D.C. meeting with major players behind the United States' Indonesia policies just prior to the fall of Soeharto, and the main advice of the researchers was that the United States should keep a low public profile, in order to avoid a nationalistic backlash.

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38. Interview with Ahmad Watik Pratiknya and Dewi Fortuna Anwar, 18 February 2000. Ahmad Watik Pratiknya was Vice President, and President Habibie's Secretary. I met with them together, so they cannot be considered as sources genuinely independent of each other.
39. Interview with Harry Purwanto and Alipatmo. Harry Purwanto is Counsellor for Human Rights Affairs, Department of International Organizations, Indonesian Ministry for Foreign Affairs. Alipatmo is a Social and Cultural Affairs official, Department of International Organizations, Indonesian Ministry for Foreign Affairs.
40. Interview with Dewi Fortuna Anwar.
41. Ibid.
42. This meeting was, according to Dewi Fortuna Anwar and Ahmad Watik Pratiknya, an addition to the weekly meetings on Thursdays. The participants were, however, those who were counted among the larger group of the Cabinet members, consisting of all ministers, some former ministers, key advisory bodies — the Supreme Advisory Council and the Council for Economy, Resilience, Stability and Promotion of Law — and the President's Press Secretary and Secretary. Every individual was asked whether they would accept the separation of East Timor in peace if the East Timorese did not accept the proposal for a wide-ranging autonomy.
43. Thus, Australia started to pressure Indonesia towards granting the East Timorese a chance to decide on the status of the territory, even before Australia's policy changed publicly. At the time of Howard's letter, Australia still officially considered East Timor as part of Indonesia.
44. This group of people met every day during the days of the crisis after the referendum in East Timor. The arrival of the top security officials to the first meeting in the presidential palace was the cause of the widely publicized speculations of a military coup in Indonesia.
45. This more general conclusion of the U.S. role in world politics is by Bob Catley in "Hegemonic America: The Arrogance of Power", *Contemporary Southeast Asia* 21, no. 2 (August 1999): 157.
46. In February 1949, the American leadership was challenged by India's initiative of a pan-Asian forum to discuss the problems of Indonesia's colonization. As a result, the United States Administration explicitly based their growing support for the need to contain the challenge of pan-Asianism to the U.S. leadership of the "free world"(U.S. Department of State, *Foreign Relations of the U.S., 1949: The Far East and Australasia*, Vol. VII, Part 1 (Washington DC: U.S. Government Printing Office, 1975): 123–25. In other words, the existence of an alternative hegemonic structure made the United States more willing to accommodate the needs of Indonesia in order to "buy the legitimacy of its own role in Southeast Asia".

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Civil Society and Regional Security: Tensions and Potentials in Post-Crisis Southeast Asia

PIERRE P. LIZÉE

This article delineates the areas where there might be some consonance between the dynamics underlying the present interest in Southeast Asia in the notion of civil society and those linked to the current reassessment of the discourse and practice of security in the region. The areas where tensions can be expected between these two sets of dynamics are also considered. An attempt is then made to establish the policy parameters which, under such circumstances, should guide the regional debate on these issues. The central argument advanced in this context is that it is now possible to create in Southeast Asia mechanisms allowing for a degree of synergy between the development of civil society and that of regional security which will be beneficial to both of these processes.

Introduction

Civil society has traditionally been conceived of by its proponents as a site of resistance against two forces: that of the state and that of the market.[1] In societies where the state apparatus and the nature of economic development are seen as creating forces of social inequality and exclusion, the exponents of civil society have argued that it can help constitute a space where critiques of these forces can be formulated and alternative trajectories of political and economic development propounded. This explains the wide appeal of the concept in current debates on the different scenarios for the reconstruction and development of Southeast Asia in the aftermath of the Asian economic crisis. If the current period is to mark a reassessment of the prevalent models of economic and political development in the region, the

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argument goes, then civil society represents an ideal standpoint from which to ensure that the reconstruction of regional and domestic politico-economic frameworks gives pride of place to more participatory and egalitarian processes and institutions.

The rising demand for more participatory and egalitarian models of governance is also very much at the heart of the ongoing reconceptualization of domestic and regional security, as required by the recent upheavals in the region.[2] Security in Southeast Asia has been framed conventionally and quite exclusively in terms of the strength and sustainability of state-building and economic development, which have been at the top of the agenda of the countries in the region. The multi-level crisis which unfolded in mid-1997, however, appears to have ushered in a broader understanding of the different underlying factors which come into play in these processes and must, therefore, be considered part of the security equation. The importance, for example, of widening the space for public participation in development planning and implementation is now better recognized as one of these factors, which the crisis revealed as a necessary precondition to further economic and political growth.

There are also dissimilarities, however, between the inner logic pursued by the proponents of civil society and that animating current debates on the reformulation of security in Southeast Asia. For its supporters, civil society is both a process and a goal: it is through the development of civil society that political and economic frameworks in the region can be made more democratic, and it is the presence of a strong and effervescent civil society which will, in the end, be proof of the success of that enterprise. The process of security reformulation, however, has, first of all, involved a much more disparate set of actors. Concepts of security are, of course, being debated within official channels, and these channels also bring into play a series of more informal networks which involve, for instance, academics, linked tacitly or more overtly to official circles. In turn, this structure, whereby Track One (official) and Track Two (unofficial) actors interact on issues of security, offers points of contact with civil society actors (dubbed Track Three in this milieu). Such a multi-level framework means, however, that the very issue of who should speak on questions of security and democratization remains a contested one. More to the point, however, discussions on security and democratization in Southeast Asia take place on a terrain where the more traditional dimensions of security — such as the strengthening of the state apparatus — still prevail to a large extent, and where the institutions, practices, and actors allied to these dimensions of security can still offer some resistance to a marked change in the security discourse. Quite

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obviously, the overarching goal in this process — that is, the elaboration of security models which open up the space for popular participation desired by civil society proponents — can be achieved only if these other considerations are taken into account.

The question arises, then, as to the ways in which civil society proponents in Southeast Asia and those actors seeking the new models of regional security can arrange some confluence between their efforts. In other words, what forms of collaboration between these two sets of actors can best give further impetus and direction to the complex dynamics of change and reorganization prompted by rising demands for more participatory and accountable forms of governance? And, conversely, what areas of resistance associated with the nature of the security-building process in the region can impede such a collaboration? These issues, most evidently, are not without great significance. The rise of civil society represents one of the most potent ferments brought on by recent events in the region. Precisely for that reason, it also constitutes a development fraught with uncertainty, if not threat. Conversely, the concern with security (arguably the prime motivator of domestic and regional political behaviour in Southeast Asia) now has to incorporate a new series of issues which, to a large extent, challenges some of the core traditional security assumptions and practices. How the former interacts with the latter has much to do with the nature and scope of regional changes in the coming years, and with the extent to which these changes will bring stability or instability to regional economic and political structures. This article will consider the forces currently shaping the evolution of civil society in Southeast Asia and those operating within the circles concerned with domestic and regional security issues. It will then discuss the dynamics of interaction between these two sets of forces.

Civil Society in Southeast Asia: The Art of Resistance

The conceptual underpinnings of the notion of civil society derive from a host of historical experiences which highlight three elements: essentially the changes in social institutions and practices that enable civil society to emerge; the strategies that civil society organizations (CSOs) should adopt to sustain and enlarge their power; and the political and economic ideologies which best support these two processes.[3]

The social changes that allow the emergence of civil society are among the distinctive features of modernizing societies. In effect, the very process of development compels political and economic élites to move away from coercive forms of power where violence or its threat

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constitutes the principal means of ensuring the compliance of all sectors of society to more administrative forms of power where compliance is linked to the workings of laws and bureaucratic machineries. This change is set in motion as political and economic processes become so diffused and complex that they escape the direct purview of these élites and require, instead, more encompassing forms of macro-management. This necessitates a process of negotiation between social actors, on the one hand, and political and economic élites, on the other, as to the laws and administrative rules that guide society as well as the rights and freedoms that protect society in that context. It is this framework of social rights and freedoms which CSOs can then use as a starting point for demands and reforms intended to strengthen their sphere of autonomy from the state and the market.

It is in this context that issues of strategy and ideology emerge. Questions of strategy involve the need for CSOs to determine the relative weights of two somewhat paradoxical objectives: at one level, to act as critics of both the market and the state, and thus to stand clearly apart from them in words and deeds; and, at another level, to engage both political and economic élites in a broad and sustained project of opening up the social space to participatory processes. Questions of ideology, therefore, revolve around the precise discourse and overarching models of society necessary for CSOs to defend their existence and their actions, and to justify the new social contract with political and economic élites.

The notion of civil society itself gained worldwide prominence when it served as the rallying point for the different groups which defied the authoritarian states of Eastern Europe in the waning days of the Cold War and attempted to substitute more open and egalitarian regimes.[4] Democratic proponents in Southeast Asia have begun to draw on this historical and conceptual heritage in structuring their agenda and actions,[5] thus bringing the forces of global dimension and legitimacy into play within the region.[6]

An example of the way in which these dynamics played themselves out in the region, particularly with regard to CSO strategies and agenda, is Thailand. Thai CSOs have traditionally been very strong in pursuing more participatory models of local rural development and greater community rights, as exemplified in the setting up of the Assembly of the Poor in 1995 and the impact it has had in making politically visible the concerns of rural poverty and environmental degradation. CSOs first engaged the political forces of the state in efforts to set up mechanisms for detecting and correcting electoral fraud, a process that eventually led to the organization of groups such as the Confederation for Democracy, whose activities were entirely devoted to issues such as

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electoral reform. This process, in turn, allowed CSOs to position themselves in such a way that they became *interlocuteurs obligés* in the process of constitutional reform, which was set in motion in early 1997. This was most notable in the creation of the Constitution Drafting Assembly, which brought CSO demands for more participatory and egalitarian economic and political institutions to the very core of Thailand's mainstream politics.[7]

Furthermore, these series of demands, were, indeed, given added urgency through the ability of Thai CSOs to link their agendas to broader regional and global processes of democratization. For instance, they broadened their protest campaign against the February 1991 *coup d'etat* by emphasizing its negative effect on the country's international image. This strategy gained even greater credence following the violence that erupted in May 1992 during protests over the continued control of the government by the leaders of the 1991 coup. There was an acute sense that the process of democratization in Thai politics had reached a point of no return and that CSOs represented the most important vehicle to international standards of good governance and democracy when CSO representatives were able to effectively guide the process of constitutional reform linked to the establishment of the Constitution Drafting Assembly. This ability of Thai CSOs to act as a bridge between global democratic aspirations and the pragmatics of implementing these aspirations in Thailand has, in fact, given rise to local structures which allow debate and action by regional and global civil society actors, both within and outside the country. Focus on the Global South, for instance, a coalition attached to the Social Research Institute of Chulalongkorn University, has been extremely successful in organizing and co-ordinating the activities of a multitude of CSO representatives for maximum impact at regional and global debates on development and democratization.[8] This group was central, for example, in organizing CSO consultations with participants at the United Nations Conference on Trade and Development (UNCTAD 10) in Bangkok in February 2000.

This particular traditional aspect to questions of strategy related to the development of civil society, that is, the engagement of ruling élites, has thus been quite successful. Its counterpoint, however, namely, the creation of actual spheres of local democratic development under the aegis of CSOs, has proven more problematic. The economic crisis has unquestionably forced regional governments to divest themselves of traditional social service responsibilities, thus providing CSOs with opportunities to expand their activities in a wide range of areas, such as poverty alleviation and health care. It remains to be seen, however, if this process can be sustained. One obstacle, surely, lies in the hierarchical

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nature of patron–client social networks, which must be transformed into more egalitarian structures of development and economic relationships. A somewhat larger problem, however, is that CSO actions — such as creating co-operatives and programmes promoting local democratic development — clash with the prevalent models of economic and political development in the region. Although these models may have been at a low ebb during the crisis, they might well surge back with the return of regional prosperity. In the debate among CSOs over a strategy of engaging regional élites or a strategy of action independent from the models propounded by these same élites, the relative success of the former and the long-term obstacles facing the latter have, perhaps, lent greater weight and visibility to the strategy of engagement.

This, then, is the way in which Southeast Asian CSOs have addressed the second element of the traditional *problématique* faced by the proponents of civil society: how to formulate a model of political and economic development which allows social change and democratization, and yet still gather enough support from the old élites to make its implementation possible. The ability of CSOs to engage regional élites in debates over the models of development in Southeast Asia and, at the same time, the difficulties they face in moving from rhetoric to practice in the effort to democratize economic and political processes in the region may, indeed, reflect the difficulty of getting these élites to endorse strongly and concretely the full range of social transformations entailed by the civil society agenda. In this context, the CSOs face a fundamental dilemma. Should civil society groupings attack frontally, so to speak, the state-centred model of economic development that has traditionally prevailed in Southeast Asia, a model that fuelled the economic boom of recent years and yet prevented societies in the region from democratizing? Alternatively, might CSOs have a better chance of promoting their agendas and getting endorsement of them from the ruling élites and broader society, if they concede that the prevailing model of development still provides the best route out of the crisis and towards renewed prosperity, and simply work within this context to lessen the more detrimental aspects of the model — for instance, by introducing redistributive mechanisms into it? In other words, should the traditional models be replaced as a consequence of the crisis, or should they simply be amended to correct some of the social inequalities they entail and which were underscored by the crisis? Is the best the enemy of the better in this context? Might CSOs gain the active support of economic and political élites if they argue for improvements to the present system; otherwise, might they lose much of their appeal and influence if they base their action on a very radical discourse for total change?

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Perhaps the best current example of this type of debate is to be found in Singapore. The government of Prime Minister Goh Chok Tong has often reiterated its determination to open up political and social space to an array of civil society agents, most importantly as a way of developing social service providers alternative to the state. The establishment of Town Councils and Community Development Councils in Singapore, for instance, can be traced to this logic. At the same time, the government has been quite reticent in opening itself up further to critiques of its long-term political and developmental goals. CSOs, therefore, have had to position their action and their discourse within these two parameters. Thus, the civil society agenda model emerging in this context is not one of opposition to the state, in which the priorities and the underlying logic of state action is constantly challenged, but rather one in which a more prudent and long-term process of engagement and improvement develops within the space permitted under the government's own focus on new civil society institutions. To that extent, Singaporean CSOs certainly draw from the regional and global enthusiasm over the potential for far-reaching social transformation of civil society, but they are also evolving a more subtle strategy that draws simultaneously from the dynamics of contestation and engagement of governmental élites.[9]

Questions of strategies and goals for CSOs in Southeast Asia are, of course, predicated on development trajectories in the region. As noted earlier, CSOs can mobilize only where politico-economic élites come under pressure to enter into dialogue with other social actors because of a need to reformulate the social contract in the wake of events that challenge the traditional exercise of power. This process, however, is problematic at three levels. First, the transitional economies of Indochina are still centralized economies — élites there are not compelled to engage social forces, and the civil society agenda has thus lacked momentum and progress. The exception is Cambodia, where the expansion of *laissez-faire* economics has been accompanied by the rise of a civil society.[10] At a second level, equivocations among economic élites regarding the appropriate post-crisis reconstruction model of development might also hinder the development of the civil society agenda in the region. Indeed, in order to be sustainable over the long-term, the new social contract demanded by CSOs must be endorsed by economic actors; once these groups recognize that the best framework for increased business activity rests on the rule of law and the protection of rights and freedoms, rather than collusion with political élites, they will add their full weight to the social reform agenda propounded by CSOs. Where economic élites vacillate on these issues, civil society might thus be missing potential allies crucial to its long-

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term goals. Finally, the issue of corruption presents a third level of difficulty for CSOs. The framework of laws and rights necessary to sustain the development of civil society will itself be sustainable only if corrupt business or governmental actors do not circumvent it. The persistence of corruption on a large scale in many countries of the region, however, will effectively undermine the very logic of CSO action in these countries.

It is these areas of resistance that may jeopardize significantly the efforts of civil society actors in Southeast Asia. They weaken the dynamics of social change necessary to the growth of civil society and, at the same time, they provide space for reactive forces to challenge the economic and social space in the region, and the strategies and objectives of CSOs. To address this situation, CSOs have to depart from the wider global discourse on civil society, to address and integrate into their discourse the specific conditions in Southeast Asia. Perhaps, this is where the newly emerging discourse on security in the region can be of some help.

Security in Southeast Asia: From Macro- to Micro-security

The emancipation project propounded by CSO actors in Southeast Asia is echoed in current debates over the need to reconceptualize domestic and regional security in the wake of the recent economic turmoil. The focus on state-building and economic development, which had been the central rationale for security discourse in the area, is giving way to the necessity to incorporate the broader issues of popular appeal and legitimacy into these two processes if they are to be sustainable over the long term. This agenda rests on an attempt to shift the centre of gravity in security debates away from traditional policy circles to the broader segments of the non-governmental community. This has been hindered, however, by the great difficulty in modifying the historically prevalent trajectories of state-centred development in Southeast Asia. Thus, there can be parallels between the dynamics surrounding the new security agenda and the civil society agenda. Goals which often overlap have been put forward by groups whose preoccupations echo one another in the regional policy-making milieu, and who have been hampered by somewhat similar contextual limits and obstacles. This raises the question of whether CSOs can find allies among actors in the security debates, or find elements helpful to their own cause in the strategies for change in the world of security. Conversely, the issue arises on whether those seeking change in the regional security models can look to the CSOs for potential partners in their own project or helpful ways of addressing resistance to their own efforts.

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What, then, is the configuration of actors, goals, and contextual resistance surrounding the debates over security in Southeast Asia? Recently, these debates have involved attempts to widen the number and type of actors involved in regional security discussions and to broaden the vocabulary of the security *problématique* in the region. The expansion in the number of actors is related to the move towards realizing "ASEAN-10", which has drawn Vietnam, Laos, Cambodia, and Myanmar into the organization. Countries which, not too long ago, were considered by the Association to be security concerns have thus, in a sense, crossed over and become security partners. There has also been a deepening of the framework of discussion, in the form of Track Two diplomacy which has gained wide acceptance, thanks to the efforts of the ASEAN Institutes for Strategic and International Studies (ASEAN-ISIS) network. Since its inception in 1984, the ASEAN-ISIS has effectively set in motion contacts and common research projects between leading research institutes in each of the ASEAN member states (except Myanmar and Brunei), and has overseen activities (for example, the Asia-Pacific Roundtable held yearly in Kuala Lumpur) which are now acknowledged as central axes of research and contacts for Track Two activities in Southeast Asia.[11]

Sustained contact between the Track One and Track Two security circles, as well as the quality of Track Two policy inputs to the formal policy structures in the region, has given rise to so-called Track One-and-a-half activities, whereby officials from the region effectively direct certain Track Two meetings and research projects. Track Three channels, meant to integrate civil society participants into the mix have, however, proven to be more problematic. CSOs have been reluctant to involve themselves within structures they perceive to be too close to the prevailing centres of power. At the same time, Track Two actors have been somewhat hesitant in their approach to Track Three actors. A most flagrant example of this vacillation among Track Two channels was when the ASEAN-ISIS vowed in a mid-1999 mission statement to "establish a Track Three process within ASEAN in the form an ASEAN People's Assembly built upon [NGOs], especially those concerned with socio-economic development",[12] only to have the project rejected a few months later because of opposition from Vietnam and Laos, who did not want the security process in the region to move towards Track Three circles. This position was yet again reversed when it was announced that a first meeting of the ASEAN People's Assembly would be held in Batam in November 2000, with the explicit goal of fostering closer relations between civil society actors and Track Two decision-makers in Southeast Asia. There is, thus, a certain uneasiness

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not only between Track Two and Track Three circles, but also among Track Two actors regarding Track Three activities.

The conceptual framework of the security debates in Southeast Asia has provided an area where these tensions get articulated. The notion of comprehensive security has long been the starting point of discussions regarding security issues in the region. Its focus — the idea that effective state-building in all its military, economic and social dimensions was the pre-eminent way to ensure domestic and regional security and stability in the area — not only corresponded to the most pressing concerns of governmental élites but also justified their near-complete monopoly of the security discourse.[13] The notion of co-operative security then emerged as a counterpoint, spurred on by the need to broaden the *problématique* of security to integrate the vast array of issues (for instance, transnational problems, ranging from the growing economic interdependence of the region to illegal migration and environmental degradation) which had been marginalized in that discourse but had the potential to jeopardize the state-building project at the heart of the regional security agenda.[14] The need to set forth new region-wide platforms for discussing these questions and, accordingly, to enlarge the scope of participants in these discussions became the focal point of co-operative security, and raised the visibility and influence of the Track Two networks on which this process was to be structured. In this perspective, Track Two activities were not antithetical to official preoccupations but, rather, enriching and complementary to the work done in more formal circles. Indeed, a central tenet of co-operative security was that security discussions in Southeast Asia should progress according to Track Two recommendations, but only in a prudent and consensual fashion, whereby any state in the region was welcome to but not bound by these talks. Therefore, it was also understood that the entire process should remain open-ended.

Not so the latest addition of the notion of human security to the vocabulary of security in Southeast Asia. The concept gained currency when it was put forward in the 1994 UNDP Report on Human Development to emphasize the need to focus on the development and well-being of the individual if security was to be a sustainable goal in the post-Cold War era.[15] Canadian Foreign Minister Lloyd Axworthy gave the notion added prominence when he used it as the centrepiece for Canada's involvement in international campaigns to ban landmines and the setting-up of an International Criminal Court. He argued that freedom and development of the individual, domestic peace and stability, and regional security, were all coextensive.[16] Currently debated in Southeast Asia, this notion directly critiques certain

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conventions within the regional security discourse: where there is a focus on the state, it advocates a fundamental concern with the individual; where there is an open-ended process of discussion, it proclaims an abiding commitment to the democratization of security; and where there is great weight given to Track One and Track Two actors, it ascribes greater value to the work of the Track Three actors, which can represent and defend the interests of the individual. Based on Axworthy's definition of human security as "micro-security",[17] the concept essentially entails a shift from a security discourse focused on macro-level concerns of state and economic development, to one devoted more to micro-level issues of individual development and empowerment. Indeed, in the light of post-crisis concerns about the human cost of large-scale political and economic upheavals, the concept has gained great resonance.

Anecdotal evidence shows the centrality of the concept in current discussions on regional security in Southeast Asia. For instance, at its June 2000 conference, the Asia-Pacific Roundtable, always a good barometer of regional thinking on such issues, devoted a session to "Human Security: What it Means and What it Entails". Papers on other themes often dealt with the implications of the concept — for example, "Civil Society and Human Security in the Asia-Pacific", and "Asia's Human Security Dilemma and the Future of Global Resource Management".[18] A full conference on human security took place in Bangkok just a few weeks after the Roundtable. At a deeper level, these constant references to the concept have established it as the terrain of contestation over the security discourse in Southeast Asia. The battle-lines over this notion of human security in the region run parallel to those over the issue of greater Track Three involvement in regional security arrangements: countries that have opposed the latter are also opposed to the former. Additionally, many in ASEAN have questioned the value of the concept simply because it implies moving away from the logic of comprehensive security which, in their view, has proven its worth in the region.

These types of tensions are clearly rooted in contextual factors often linked to the region's development dynamics. As with the issue of social pluralization consequent to the emergence of civil society, state élites do have to be pressured to consent to a rules-based and democratic order which allows individuals and social groups enough power to occupy the space provided by the Track Three process and implied by the notion of human security. The reconfiguration of security entails, in a word, a reconfiguration of politics, and a more open and pluralistic security agenda requires a similar realignment of the regional political universe. This can be very threatening to

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authoritarian states, of course, but also to those in ASEAN who see strength in the organization's ability to continue with the development and security models it has so far favoured. Furthermore, the Track One and Track Two security apparatus poses an additional challenge to those opposed to the opening up of social space in the region: forces silenced at the domestic level may well gain a voice at the regional, through the Track Three network, with support from certain Track One and Track Two actors. This undoubtedly explains the resistance of many to a security process centred more around Track Three actors and premised on the notion of human security. Nonetheless, the channels of engagement and discussion do enable the proponents of such a process to attempt to lessen this resistance. For instance, Carolina Hernandez, the President of the Institute for Strategic and Development Studies in the Philippines and one of the leading lights of the ASEAN-ISIS network, has been quite forceful in her endorsement of the proposal for an ASEAN People's Assembly, and has used her position within Track Two circles to push the project forward.

How, then, can civil society actors help out in this context and facilitate the process of opening up the political and social space in the region? Conversely, how can CSOs benefit from closer integration into the security processes and debate? Interaction between these two worlds has so far been quite circumspect, and the difficulties outlined above have kept the Track Three channels largely unexplored. Indeed, the proponents of a closer integration of the regional civil society and security discourses have generally remained cautious in their efforts and have instead underscored the benefits of a division of labour between civil society and security actors, allowing for intermittent forms of collaboration, but keeping in place the networks and strategies which have so far proven successful.

Although such prudence is warranted, it does not preclude the possibility that more sustained platforms of collaboration might be mutually beneficial. How and for what exact purpose should these be created? Closer involvement of CSOs in the security architecture would enable them to take advantage of the regional structure for engagement with national élites, and might make their demands more politically palatable by incorporating them into the set of concerns which resonates among the governmental circles of the region. Conversely, Track One and Track Two networks, well aware of the post-crisis urgency in the CSO agenda for social renewal, might gain greater legitimacy for their work by permitting inclusion of CSO demands. In terms of structural resistance to pluralization and democratization in Southeast Asia, civil society actors would certainly profit from regional security channels focusing more strongly on the main problems facing

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them, that is, the slow pace of civil society development in the transitional economies of Indochina, the need for economic élites to endorse the civil society agenda, and the problem of corruption. Conversely, Track Two supporters of the Track Three process would obviously like to see greater civil society activism to complement their more formal efforts. The risk in all of this is that bringing the networks and language of civil society and security closer together might lead to added challenges: many in the civil society world might fear losing their identity if they involve themselves too directly in official and semi-official circles, while a great number in these circles might simply withdraw from any security discussions that included the issues of pluralization and social development in Southeast Asia. This shows the need to move prudently and in a way which adds to, rather than subtracts from, the work currently undertaken on these issues in civil society and security circles.

Civil Society and Regional Security: A Research and Policy Framework

Two issues should give impetus to closer collaboration between CSOs and Track One and Track Two networks in the near- to medium-term. On the one hand, CSOs need to ensure their visibility and their influence beyond the Asian economic crisis. They rose to the top of the regional agenda because of the turmoil from the crisis and the ensuing search for new models. However, a return to prosperity in the region could also relegitimize the state-centred models of political and economic development. In that event, CSOs will need to engage themselves more deeply in the security architecture of the region, in order to sustain and, indeed, somehow institutionalize their presence alongside Track One and Track Two actors in future discussions about important regional trends. On the other hand, Track Two actors are also in a quandary. They emerged to supplement the official discourse on security with a new non-state-centric perspective, but the crisis has reinforced the importance of these issues among the most hardened of official circles. In this context, to put it bluntly, what does Track Two know that Track One does not know already? This situation calls for a Track Two agenda of research and activities which explores in greater detail the dynamics of change in the region and constructively with those regional actors who are wary of these dynamics. This would entail a re-orientation of some Track Two activities towards a more facilitative role whereby Track Two networks can build bridges between Track One and Track Three actors and agendas.

Saying that Track Two actors and CSOs should collaborate in the

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near future is one thing. The question remains, however, as to how this relationship can bring added value to their respective work. As suggested earlier, the Track Two apparatus has the reach and legitimacy that would add enormously to the mechanisms currently available to CSOs. This would help CSOs push their agenda further. Conversely, Track Two networks should gain added legitimacy and relevance in their *rapprochement* with CSOs, given that the issues of social transformation and pluralization are affecting the political landscape in Southeast Asia. The problem, however, may not be in the co-operative project itself, but rather in the mechanics of this project. As mentioned earlier, many in the civil society and Track Two camps would see such a collaboration as a problem, if not a threat. Consequently, this might lead to a situation whereby an uneasy collaboration simply degenerates into ad hoc initiatives without overall coherence or impact. Correcting this situation would require Track Two actors to insist on some form of civil society participation in non-controversial security fora in the region. The annual Asia-Pacific Roundtable, for instance, has involved a growing number of civil society representatives in recent years, a trend that could set a pattern for other initiatives. Whether CSOs would, indeed, respond positively remains somewhat uncertain. It has to be demonstrated to them that their participation provides benefits unavailable elsewhere. An initiative in Cambodia gives a glimpse of how this might be done. In a programme run by the Cambodian Institute for Co-operation and Peace, which is the Cambodian member of the ASEAN-ISIS network, civil society actors meet with military officers to discuss issues of changing civil–military relations in Cambodia. This brings CSOs face-to-face with those that they need to engage in dialogue to promote democracy, something which would be difficult to do outside such a programme.

Both CSOs and Track Two actors, however, need to maintain activities specific to their respective identities while the search for greater collaboration continues. This latter process could be a protracted one, and the protagonists can stay energized and relevant only if they remain involved in their primary activities: CSOs, for instance, should not only engage regional élites through the mechanisms suggested here, but should continue to work vigorously on the other component of their activities — namely, action on the ground — because it is this latter work which lends urgency and legitimacy to their demands. As argued earlier, collaboration between CSOs and Track Two actors should only go so far as it benefits both sides.

The issue of greater collaboration between CSOs and Track Two actors brings up the question of what concepts should guide and sustain this endeavour. Indeed, this is an area where collaborative work might

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be most pressing. Proponents of greater CSO and Track Two integration need to ensure that they do not let the discourse of security lose its present centre of gravity as it shifts about under the pressure of the different tensions just described. This is where collaboration between the civil society and security worlds could bring added value to each other: joint statements on the basic premises for post-crisis reconstruction would gain additional weight and create a sense of consensus. In the light of this, it appears logical that the ASEAN People's Assembly should conclude with just such a joint statement by both civil society and Track Two actors.

These types of initiatives, however, involve one central axis of tension. On the one hand, there is the need to formulate a model of development and security which can satisfy CSOs. This could undoubtedly revolve around some variation of the human security concept which allows for the realignment of development priorities at the heart of the civil society agenda: both the CSOs which endorse radical reforms and those which favour a slower process of engagement and transformation could agree to this type of formula. On the other hand, there is stiff resistance to the very notion of human security in some Track Two and Track One circles. As a corollary to this tension, the region could well see two Track Two networks and, indeed, two ASEANs emerging — one quite committed to civil society and the human security agenda, and the other much less so.

Proponents of closer integration between CSO activity and the regional security apparatus can only make sure that the existing notion of comprehensive and co-operative security and the new notion of human security are not presented as polar opposites, but rather as complementary points of entry within the overall regional security *problématique*. The search among ASEAN members for what could be termed a variable geometry between comprehensive, co-operative and human security would have the benefit of opening a space for security debates that is wide enough to be welcoming to the proponents of immediate pluralization and democratization in the region, yet less threatening to those who see fault in these objectives. Perhaps the ASEAN Free Trade Area process, whereby different states fulfill different expectations and meet different deadlines within an overarching process of regional integration, bears some lessons which could be applied in the security arena. This is the type of question which should occupy the central focus of a research agenda jointly driven by Track Two and civil society participants. The human security concept and its relationship to the existing conceptual security apparatus has to be tailored to local conditions in the region so that it has resonance and policy relevance for each of the individual countries.

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However, it must remain coherent and cohesive enough at the regional level so that it can provide a credible blueprint for furthering the dynamics of democratization in Southeast Asia. Detailed intellectual work is urgently needed at this level.

A more detailed intellectual milieu would certainly bring about more informed and pertinent debates but would not guarantee change. As emphasized earlier, the opening up of social and political space in Southeast Asia, as required by the new security and civil society agenda, is possible only if and when far-reaching dynamics of development compel it. If the research agenda outlined above requires modulating the human security agenda to the specific conditions in each country in the region, then it must also recognize that the policy choices arising from it will thus remain limited and defined by context-specific conditions. This is more than just a matter of political will and readiness of the political élites to open up social and political processes. The recent dynamics of development in Southeast Asia have, in some cases, simply not allowed the emergence of institutions and political practices necessary to building a more democratic environment. In other words, oftentimes, political leaders can do little for democratization even if they wanted to, given the institutional and political context in which they have to operate.

Obviously, the point is not to abandon the project of getting CSOs more strongly involved in regional security debates, but to determine the exact impact that such a process could have on these contextual dynamics of development. At the very least, this process could shed light on how Track Two and Track Three configurations might influence the choice of development and security doctrines in certain countries of the region, as well as the strategies and initiatives which might prove most beneficial. As previously noted, an area of shared concern among CSOs and Track Two actors should be the transitional economies of Indochina, particularly Vietnam and Laos, where civil society actors and proponents of the human security agenda within Track Two circles have encountered difficulties. The search for points of influence must be undertaken here by both sets of actors. The manner in which human security can be presented to the governments of these countries as adding to rather than substracting from their security, must also be enunciated in detail. As mentioned earlier, with regard to the resistance encountered by CSOs in their efforts to democratize the politics of Southeast Asia — that is, the need to get economic actors on their side, and the issue of corruption — should also lead to new points of collaboration with Track Two actors in the pursuit of this broad engagement with the basic developmental dynamics of the region. Track Two networks must first involve economic actors in their

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discussions more directly. Notwithstanding the many efforts in this direction, this still remains a somewhat elusive project within the Track Two agenda. Secondly, Track Two actors, in concert with CSOs, must engage economic actors on the points of connection between security, economic development, and democratization. Finally, issues of corruption and governmental transparency should certainly be a point of focus in these efforts as well.

Civil Society and Regional Security: Shared Hopes, Joint Future

Reflecting on civil society and its relation to the current widespread levels of "violent lawlessness", John Keane, the noted political philosopher, has observed that the concept has become "voguish within the social sciences and public life more generally" because it causes a "sense of an end of an era and the unacceptability of tyranny", and also because its proponents ascribe to it a seemingly immutable ontology: "striving for civil society", Keane hears these people arguing, "has become part of our make-up".[19] He counters, however, that this thinking not only "pays too little attention to the uneven spatial and temporal distribution of the civil society tradition", but also that it rests ultimately on very "essentialist notions of the human condition".[20] Keane has in mind the Eastern European experience of civil society, where its rise has been couched in terms of some inescapable march of history, its occurrence inevitable because it was preordained by the very nature of human and political realities. If one thing has become clear, it is that the Southeast Asian thinking about civil society is nothing similar to this. The Southeast Asian view of civil society has been less triumphalist and more circumspect, less anchored in the belief of inevitable victory and more in the sense that the struggle is complex and ever-changing. Undoubtedly, this is traceable to the differences in political traditions between Europe and Southeast Asia. The recent rise of civil society in Eastern Europe was predicated on the bankruptcy of other political institutions, the state being chief among them, and thus on the assumption that CSOs constituted the only mechanism for enabling individuals to move towards political power and self-realization. In contrast, the state in Southeast Asia has not been displaced from the centre of the political universe and, thus, civil society has had to engage in a constant, protracted, and prudent dialogue with state élites and has had to search for its own identity in the quest for greater democracy and individual self-empowerment.[21]

Another fundamental point is that, if civil society in Southeast Asia has had to engage more directly than anywhere else issues concerning its relationship to other fundamental components of society (mainly the

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state and the market), these other components are now in a situation where they also have to connect somehow with civil society. The regional economic crisis has brought about this realization, but also, perhaps, a deeper sense of uncertainty *vis-à-vis* the future. The enduring premises upon which much of the political and economic discourse of the region had been built are currently under question: new actors are demanding a say in the conduct of politics; the very logic of the politics is being queried; and the idea of "region" itself — in light of new regionalizing dynamics (for instance, the ASEAN + 3 framework involving ASEAN and China, Japan, and South Korea) — may be getting more difficult to delineate. The belief underlying this article is that a sustained engagement of state and economic élites with civil society will be a prerequisite to a movement forward on any of these issues.

Saying that civil society and broader security actors need to talk to each other, however, does not mean that they will do so, and in effect, it does not describe exactly what they should say or the extent of the echo that their conversation will find in society at large. However, some of the suggestions made here will, perhaps, provide some guidance at that level, or at least convey a sense of the possibility of such a conversation and the rich rewards it could well bring.

NOTES

1. The literature on civil society is voluminous. The canon is often defined, however, by referring to: John Keane, *Civil Society: Old Images, New Visions* (London: Polity Press, 1998); John Hall, ed., *Civil Society: Theory, History, Comparison* (London: Polity Press, 1995); Adam Seligman, *The Idea of Civil Society* (New York: The Free Press, 1992); and Ernest Gellner, *Conditions of Liberty. Civil Society and Its Rival* (London: Hamish Hamilton, 1994).
2. On these issues, see, for instance: Graeme Cheeseman, "Asian-Pacific Security Discourse in the Wake of the Asian Economic Crisis", *Pacific Review* 12, no. 3 (1999): 333–56; and Shaun Narine, *ASEAN and the East Asian Economic Crisis*, CANCAPS Papers no. 23 (Toronto: Canadian Consortium on Asia Pacific Security [CANCAPS], 2000) .
3. The literature on civil society most often draws its theoretical insights from development theory and political theory. For a superb study of the links between civil society and the dynamics of development, see John Martinussen, *Society, State & Market. A Guide to Competing Theories of Development (* London: Zed Books, 1997). For a study of the evolution of the notion of civil society in relation to that of political theory, see J. Cohen and A. Arato, *Civil Society and Political Theory* (Cambridge, MA: Massachusetts Institute of Technology, 1992).
4. On the role and impact of civil society in Eastern Europe, see Vladimir Tismaneanu, *Reinventing Politics. Eastern Europe After Communism* (New York: Free Press, 1992).
5. On the particular dynamics of civil society development in the region, see Gary Rodan, "Civil Society and Other Political Possibilities in Southeast Asia", *Journal of Contemporary Asia* 27, no. 2 (1997): 156–78; David Jones, "Democratization, Civil

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Society, and the Illiberal Middle Class Culture in Pacific Asia", *Comparative Politics* (January 1998), pp. 147–69; and Tadashi Yamamoto, ed., *Emerging Civil Society in the Asia-Pacific Community* (Singapore and Tokyo: Institute of Southeast Asian Studies and Japan Center for International Exchange, 1995).

6. On this issue, see Yash Ghai, "Rights, Social Justice, and Globalization in East Asia", in *The East Asian Challenge for Human Rights*, edited by Joanne R. Bauer and Daniel A. Bell (Cambridge: Cambridge University Press, 1999).
7. On these issues, see Amara Pongsapich, "Politics of Civil Society", *Southeast Asian Affairs 1999* (Singapore: ISEAS, 1999), pp. 325–35; and Prudhisan Jumbala, "Civil Society and Democratisation in Thailand: What Next?" in *Beyond the Crisis. Challenges and Opportunities. Vol II (Proceedings of the 13th Asia-Pacific Roundtable, May 30–June 2, 1999)*, edited by Mely C. Anthony and Mohamed Jawhar Hassan (Kuala Lumpur: ISIS-Malaysia, 2000).
8. The group's website (http://www.focusweb.org) presents its different linkages with CSOs and a list of activities and programmes.
9. On these issues, see Simon S.C. Tay, "Towards a Singaporean Civil Society", *Southeast Asian Affairs 1998* (Singapore: ISEAS, 1998), pp. 244–61.
10. See Kao Kim Hourn, *Grassroots Democracy in Cambodia. Opportunities, Challenges and Prospects* (Phnom Penh: Cambodian Institute for Cooperation and Peace, 1999).
11. An excellent account of the forces at play in this context is Diane Stone, "Networks, Second Track Diplomacy and Regional Cooperation: The Role of Southeast Asian Think Tanks" (Paper presented at the 38th Annual Meeting of the International Studies Association, Toronto, 22–26 March 1997).
12. ASEAN-ISIS, "ASEAN-ISIS at the Turn of the Century: A Mission Statement." Adopted at the ASEAN-ISIS Heads Meeting held in conjunction with the Asia Pacific Roundtable, Kuala Lumpur, 29 May 1999.
13. See Sukhumband Paribatra and Chai-anan Samudavanija, "Internal Dimensions of Security in Southeast Asia", in *Regional Security in the Third World*, edited by Mohammed Ayoob (London: Croom Helm, 1986). On the theoretical underpinnings of this conceptualization of security, see Amitav Acharya, "The Periphery as the Core: The Third World and Security Studies", in *Critical Security Studies*, edited by Keith Krause and Michael C. Williams (Minneapolis: University of Minnesota Press, 1997). On the different understandings of comprehensive security within the region, see Muthiah Alagappa, "Comprehensive Security: Interpretations in ASEAN Countries", in *Asian Security Issues: Regional and Global*, edited by Robert Scalapino et al. (Berkeley: Institute of East Asian Studies, University of California at Berkeley, 1988).
14. See David B. Dewitt, "Common, Comprehensive, and Cooperative Security", *Pacific Review*, no. 1(1994): 1–17.
15. UNDP, *Human Development Report 1994* (Oxford University Press). The term is not new, however, in United Nations vocabulary. In 1992, for instance, Boutros Boutros-Ghali, then Secretary-General of the United Nations, had talked in *An Agenda for Peace* about the changing nature of international security in the post-Cold War era and the need for the United Nations and its member states to adopt "an integrated approach to human security". Boutros-Ghali remarked at the time that "the foundation of [this type of security] must remain the State. Respect for its fundamental sovereignty and integrity are crucial to any common international progress. The time of absolute sovereignty, however, has passed [...] a balance [must be found] between the needs of good internal governance and the requirements of an ever more interdependent world". The *Agenda* then proposed a new logic of international interventions in zones of conflict articulated, for instance, on notions such as preventive diplomacy and post-conflict peace-building. Boutros Boutros-

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Ghali, *An Agenda for Peace, Second Edition with the New Supplement and Related UN Documents* (New York: United Nations, 1995), p. 44.

16. The central exposition of the concept was Lloyd Axworthy, "Canada and Human Security: The Need for Leadership", *International Journal* (Spring 1997), pp. 183–96. The best account of the debates generated by the notion within Canadian academic and policy circles is Fen Osler Hampson and Dean Oliver, "Pulpit Diplomacy: A Critical Assessment of the Axworthy Doctrine," *International Journal* (Summer 1998), pp. 379–406.
17. "Notes for an Address by The Honourable Lloyd Axworthy Minister of Foreign Affairs to the Woodrow Wilson International Center for Scholars, Washington, D.C., June 16 2000", Statement no. 2000/29 (Department of Foreign Affairs and International Trade, Government of Canada, 2000).
18. The papers presented at the session on human security were by Tadashi Yamamoto, President of the Japan Centre for International Exchange (JCIE), and Barry Buzan, Professor of International Studies at the University of Westminster. In his paper, Tadashi Yamamoto traced the lineage of the notion of human security in Japanese foreign policy. He also established distinctions between the Japanese and Canadian understandings of the concept, and questioned in this context, for instance, the extent to which the Canadian view of human security could eventually justify bypassing national sovereignties when setting in motion international humanitarian interventions. Barry Buzan's paper was a virulent critique of the very notion of human security, which was portrayed in the paper as so broad as to be unworkable as a policy instrument and as a theoretical standpoint. The paper on civil society and human security was presented by Alison Van Rooy, a senior researcher at the North-South Institute, in Ottawa, and the paper on human security and resource management was by Kent Calder, special advisor to the Ambassador, Embassy of the United States, Japan.
19. John Keane, *Reflections on Violence* (London: Verso, 1996), pp. 10,12. Keane refers in this particular passage to Ernest Gellner's *Conditions of Liberty. Civil Society and its Rivals.*
20. Ibid., pp. 12–13.
21. On this issue, see James Gomez, "Civil and Political Society in East and Southeast Asia: The Contest for Political Space", in *Beyond the Crisis. Challenges and Opportunities. Vol. II (Proceedings of the 13th Asia-Pacific Roundtable, May 30–June 2 1999),* edited by Mely C. Anthony and Mohamed Jawhar Hassan (Kuala Lumpur: ISIS–Malaysia, 2000).

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The Financial Crisis of 1997–98 and the End of the Asian Developmental State

EUL-SOO PANG

Financial globalization in the 1990s effectively dismantled the Asian developmental state and forced East Asia to search for a new political economy model. The paradigm shift in world economic development from state-driven planning to market-driven management has taken place since the late 1980s in Northeast Asia, spreading to Southeast Asia in the 1990s. The access to global capital markets by Asian corporations, both parastatal and private, has effectively reduced their dependency on the state for financial resources. In fact, the Asian developmental state and financial globalization are incompatible and often in conflict. By externalizing financial forbearance, Asian corporations and the global market have forced the state to change. Thus, important political changes have taken place in Northeast Asia and are now also occurring in Southeast Asia.

Financial Implosion

The contention of this article is that financial globalization effectively dismantled the Asian developmental state in the 1990s and forced Asia to search for a new political economy model. The paradigm shift in world economic development from *state-driven* planning to *market-driven* management has taken place since the late 1980s in Northeast Asia, and by the mid-1990s a similar process had spread southwards to the ASEAN region. The Asian state was slow in restructuring its private sector economy to forestall the oncoming crisis. The state-driven development model spawned a set of paradigmatic practices, such as

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clientelism, cronyism, cartels and monopolies, official and unofficial favouritism shown to a select number of business firms, and state patronage to certain ethnic groups.[1] In the era of globalization, these practices often clash with the fast integrating world economy where money flows in and out at the whim and fancy of investors.[2]

By the early 1990s, the politics of the developmental state began to produce cleavages. As the economy grew and advanced further, a more complex division of labour emerged. In Japan and Korea, the stock market and *chaebol* collapses of the late 1980s and early 1990s signalled the worn-out nature of the developmental state model. The nexus of "the state leads, the market follows" broke down. When the regional crisis occurred in 1997–98, the market — corporations, banks, individual investors, and *chaebol* — remained unable to quickly detach themselves from the domineering state to ward off the ensuing mayhem. In Japan, the financial sector loathed to embrace deep restructuring, and in Korea and the rest of Asia, no business élites thought that the state would not come to their assistance when in crisis. These lapses compounded the Asian crisis further.

By the early 1990s, as the changing of the gear in the developmental process from the state-*centric* to the global capital market-*dependent* mode intensified, Northeast and Southeast Asia needed to revisit their political economy models, first arrived at in the 1960s and 1970s. What had changed was the advent of globalization, the emergence of new financial institutions and innovative investment practices, and an ever-growing number of countries willing to accept foreign money from anywhere. Consequently, the state sped up the liberalization and deregulation of the domestic markets, as the pressure to sustain high growth rates increased throughout the region, where the legitimacy of quasi-democratic regimes impinged on their "economic achievements", and the ability of regimes to remain in power depended on the allegiance of the people.[3]

The Asian Developmental State Revisited

Chalmers Johnson in the United States and Fernando Henrique Cardoso in Brazil were among the earliest pioneers of the concept of the "developmental state". Since the concept of the Asian developmental state and how it has become outdated constitute the core of this article, it is necessary to define the concept in both historical and functional terms. In Latin America, the concept of the developmental state (*estado desenvolvimentista* in Portuguese and *estado de desarrollo* in Spanish) has had a decidedly left-of-centre ideological pedigree. At times, it was also known as state capitalism, wherein the state served as the

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financier, planner, producer, and distributor of goods and services.[4] In some countries, the state was also the largest consumer and employer. In Asia, the etiology of the concept is often traced to the post-war Japanese state. Japan's "capitalist developmental state" was forged from that culturally and ethnically cohesive nation's unique social, political, and historical realities. The post-World War II occupation of Japan by the United States destroyed the old family-dominated economic *zaibatsu* and sought to instill American-style capitalism. Also gone was the military-industrial complex that buttressed Japan's fascism. The American occupation produced a composite institution of a democratic capitalist system in which parties and the national bureaucracy shared power, and the *keiretsu* — owned by a small number of shareholders and companies themselves — became the post-war economic driver.

The cornerstones of the Japanese developmental state are many: a meritocratic bureaucracy ("economic general staff"), economic nationalism (a desire to "catch up" with America), a 1,700-year-old hallowed tradition of forging a strong state and fostering a dependent, weak society, and an industrial policy of governmental "guidance and supervision" of the producers' interests, not the protection of consumers' rights. Above all, it is history that has made Japan what it is today. The state never displaced the market, as in Latin America, sub-Saharan Africa, and South Asia. It was the role of the state that ensured that Japanese companies did not have to compete against U.S. and European firms by channelling national savings to the "right industry". The state led and the market followed. The state successfully managed the contradictions of modern capitalism — the need to allow the market a proper environment for free enterprise and the need for the state to intervene in the economy to mitigate crises. Japan has produced a *stakeholder* capitalism, where collective group interests are protected (begetting a culture of job over profit), not a *shareholder* economic system where the state regulates and reconciles competing and conflicting individual interests, as in the United States. As Lee Kuan Yew has pointed out, the growth of Japan, Korea, and Taiwan depended on open, unhindered access to the U.S. market.[5] Kenichi Ohmae, Japan's leading management guru, goes a step further: "Japan's prosperity is built on the U.S. budget deficit."[6] Such over-consumption would never have occurred in a *dirigiste* Japan. To prosper, the rest of Asia has, for the past four decades, emulated Japan.[7]

Unbundling the Asian Financial Crisis

The story of the Asian financial crisis of 1997–98 has been well told and can be summarized as follows: the crisis led to the collapse of the

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regional economies largely as a result of a combination of dysfunctional overvalued currencies caused by a huge influx of foreign direct investment (FDI) and foreign portfolio investment (FPI) capital; a sudden and rapid liberalization of capital markets to attract more FDI and FPI; massive corporate and private debt in dollars and yen; a backlash to the prevalence of crony capitalism; a dearth of remedial tools in the arsenal of state policies; the global contagion of investor panic; and finally, the problem of moral hazard.[8] Nevertheless, credible academic observers believe that in 1996–97, the macroeconomic profile of Asia was sound although there was room for some fine-tuning.[9]

Most astoundingly, the hardest-hit country, Indonesia, boasted of robust macroeconomic fundamentals on the eve of the Asian crisis.[10] Between 1990 and 1995, the stock markets of the ASEAN-5 (Singapore, Malaysia, Indonesia, Brunei, and Thailand) expanded from 40 per cent of gross domestic product (GDP) to 120 per cent. Roughly, 45 per cent of the world's private capital went to Asia. In 1993, US$14.8 billion flowed into the region; by 1995, the amount had increased to US$86.3 billion.[11] New Asian equity issues in 1995 reached US$28 billion; in 1997, the year of the financial crisis, they had been expected to reach US$35 billion, and by 2000 US$80 billion. Months before the collapse of the Thai baht, the Singapore Finance Minister, Richard Hu, predicted that the financial markets would drive the region's economic expansion and expected that regional economies would continue to grow.[12] International capital was so easily and eagerly entering the region — in a single day, the foreign exchange market in Singapore handled US$130 billion, or about 8.6 per cent of the world's quotidian trading of US$1.5 trillion[13] — that Singapore's total banking capitalization surpassed US$200 billion.[14] In other words, the Singapore financial sector was completely *denationalized,* and its foreign exchange market *globalized.* The city-state became the model for other ASEAN members to emulate. Finally, the regional economy's driver had become the global financial market.

Unlike Singapore, Korea, Indonesia, Malaysia, and Thailand showed deteriorating current account trade deficits but few thought that they could not be managed. For decades, these countries had maintained stable exchange rates. As the balance of payment accounts remained stubbornly negative, the region's governments began to raise interest rates to slow down consumption, or more specifically, imports. Payments and repayments on debt that had tripled between 1995 and 1997 and profit repatriation on FDI increased cash outflows. The growing current account deficits were covered by short-term inflows — FPI being the major player — but after 1995 this situation could not be sustained.[15] Furthermore, the recovery of Latin America from its

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recession, especially that of Brazil and Mexico, diverted substantial foreign money away from Asia to (America's) southern hemisphere. As Latin America recovered from Mexico's "tequila" effect, the capital flow to Asia shrank from US$86.2 billion in 1995 to US$72.3 billion in 1996, a year before the financial crisis.[16]

When the crisis erupted, the Malaysian Government blamed a small group of "outsiders", foreign currency speculators, especially America's hedge fund operators. Virulent anti-Western and anti-globalization rhetoric has dominated the post-crisis Malaysian political discourse, with references to there being a Western "hidden agenda" and a Jewish conspiracy (a reference to financier George Soros) to bring down a prosperous Asia.[17] According to this view, the West could not tolerate a strong Asia.[18] While Bank Negara Malaysia (the Malaysian central bank) dutifully endorsed this analysis of the Malaysian Prime Minister in broad strokes, it added that "the build-up of vulnerabilities in the regional economies" was equally responsible for "reversals of capital flows".[19] The confidence of foreign investors was sagging well before the bubble burst.

The Malaysians were not alone. The world's major central bank chiefs and economists from the International Monetary Fund (IMF) have blamed, among other factors, the "moral hazard" of Asia's habit of resorting to the public rescue of private follies. There had been an implicit understanding between the state and the market on the financial forbearance that conferred on errant businesses and banks the right to public bail-out. Over-confident Asian bureaucrats and businessmen failed to hedge their borrowings in dollars, yen, and marks.[20] This complacency was justified and bolstered by decades of sustained economic growth, the robust inflow of FDI, and, more importantly, by the boom in the region's deregulated and liberalized financial sector. For Indonesia, Korea, and Thailand, portfolio investment outpaced foreign direct investment by a factor of two-to-one and, in some cases, more than three-to-one.[21] In Indonesia, the pre-crisis social instability involving anti-Chinese riots discouraged inflows of FPI. All three countries became the victims of the regional economic prosperity that was to wreak global financial havoc. As Table 1 shows, inevitably all those countries which were hit hard by the crisis received more FPI than FDI during 1992–97.

Even Central Bankers Missed

There were few voices of concern before July 1997. The governor of the Bank of England embarrassingly confessed that no central banker of any of the G-7 countries had predicted the coming of the crisis.[22] The initial

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TABLE 1
Average Annual FDI vs. FPI, 1992-97
(In US$ billion)

	Argentina	*Brazil*	*Chile*	*China*	*Indonesia*	*Korea*	*Mexico*	*Philippines*	*Singapore*	*Thailand*
FDI	4.3	6.3	2.4	29.8	3.6	1.4	8.2	1.2	6.6	1.9
FPI	10	11.9	0.8	2.4	2.9	11.9	10.7	0.7	1.1	3.3

SOURCE: UNCTAD, *1998 World Investment Report* (New York: UN, 1998).

financial storm, mostly in the form of devaluing currencies, hit Thailand, Korea, Malaysia, and Indonesia (the last was hit the hardest). There were early warning signs, but no one expected that they would lead to the financial crisis that in turn would become contagious on a global scale so quickly. A year later, the crisis wrecked the economy of Russia and almost derailed Brazil's economic recovery. This was something no central banker foresaw.

As early as February 1997, five months before the financial firestorm, the chief executive of the Hong Kong Monetary Institute (later renamed the Hong Kong Monetary Authority) warned of the vulnerability of the Asian economies. These economies were too dependant on the import of capital, especially the inflow of portfolio money into stocks, bonds, mutual funds, and short-term treasury notes. The Hong Kong chief executive believed that the danger arose from the borrowing of cheap foreign money, which was *unhedged*.[23] Borrowing money from overseas sources gave Asian businesses a measure of autonomy and even financial independence from the state and its bureaucracy. In such countries as Thailand and Korea, imprudent investment and private consumption became the hallmark of big business, now being loosened from state supervision and patronage. Deregulation and liberalization also contributed to the limiting of state actions, if not the reduction of state power itself. Hedging seemed an unnecessary cost, given the historical record of economic growth (6 per cent a year for three decades from the 1960s to the early 1990s),[24] stable exchange rates, and the paternalistic governments which often rescued faltering companies and overextended banks. Asia seemed infallible and the Asian developmental state model invincible.

Moral Hazard Failed to Trigger

The moral hazard was implicit throughout the region, including Japan, for both domestic and foreign investors. "Moral hazard" is generally understood as artificially guaranteed financial stability on the part of the government, which implicitly promises a bail-out to corporations

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when the market fails. The net capital flow to the world's emerging markets was less than US$50 billion in 1991. By 1996, the amount surpassed US$349 billion. FDI supplemented huge domestic savings. Governments poured domestic savings into expensive infrastructure projects, while FDI and technologies went into the creation of export-promoting industrial projects, often joint-ventured with powerful local business élites. One half of the world's FDI went to Asia and, according to the Hong Kong Monetary Institute, this foreign direct investment constituted as much as 8 per cent of the region's GDP "over a long period".[25] In 1993, foreign direct investment to Malaysia equalled 17 per cent of its GDP, while Thailand's FDI had already surpassed 13 per cent of its GDP in 1995.[26] By the early 1990s, much of this money went into local financial instruments, including derivatives and futures. The misuse of easy money went on unabated in Korea, Indonesia, Malaysia, and Thailand.[27]

By the time the crisis was fulminating in early 1998, the region's stock markets had lost as much as 60 per cent of their pre-crisis value. In 1998, only US$1.5 billion in FDI flowed to Asia, declining from US$102.2 billion in 1996.[28] Indonesia was the most severely affected, with more than a 230 per cent loss in the value of its currency, while the Malaysian ringgit lost 55 per cent, the Thai baht 87 per cent, the Korean won 83 per cent, and the Philippine peso 51 per cent.[29] Singapore's monetary authorities acted quickly to insulate the Singapore economy from the fall-out by fortifying its banking practices and increasing state vigilance over all financial transactions. Singapore's enormous international reserves, the largest in the region, also helped the city-state to cushion itself from the severe impact of the contagion. Laos, Cambodia, Vietnam and China escaped the mayhem because they had not been fully integrated into the global financial system.[30]

By mid-1998, Asia's developmental state ran out of its *dirigiste* policy options. The crisis was externally provoked but hastened internally by the systemic rigidity of the developmental state. Japan and China, the region's two largest economies, remained unable to help, while the world watched Indonesia, Thailand, Korea, and Malaysia being pulled into the financial maelstrom. In late 1997, half a dozen Japanese banks and investment houses went bankrupt, forcing the Japanese Ministry of Finance to inject, in two weeks, as much as US$23 billion to keep the private banks afloat.[31] The "black November" of 1997 prevented Japan from taking any initiative in rescuing Korea, Indonesia, Thailand, and Malaysia. Korea and Indonesia have been Japan's major trading partners, while Thailand and Malaysia have been important offshore production platforms for Japan's export-driven *keiretsu*. China promised that it would not devalue its currency, the

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yuan, thus not undermining the export potential derived from devalued regional currencies of the affected economies.

The IMF rushed in with a rescue package of US$118.6 billion (the Fund's total capitalization in June 2000 stood at US$283 billion) for the three most severely affected economies: US$17.2 billion for Thailand, US$43 billion for Indonesia, and US$58.4 billion for Korea.[32] Each country was given a bitter pill of recessive remedies, ranging from cutting public spending to raising interest rates, a significant reform of old banking practices, instituting new prudential regulations, and restructuring debt-burdened companies. The Asian countries had imported America's financial institution and banking models, except for regulatory practices, in a heated environment competing for international dollars. Investors preferred markets with fewer restrictions, and several Southeast Asian countries and Korea obliged so as to get more capital inflows. After the bankruptcy of Hanbo Steel, the Bank of Korea injected more than US$100 billion to help *chaebol* and banks to pay off foreign currency debts. Domestic savings in East Asia were of no help. The region desperately needed U.S. dollars and yen.

Malaysia instituted capital controls in September 1998, which the IMF and Washington deemed contrary to the rules and practices of a free-wheeling economy.[33] It was not the first country to do so. Before it, China, Korea, Taiwan, Thailand, Chile, Honduras, and Argentina had restricted capital account movements to discourage a precipitate exodus of capital.[34] The Malaysian control measures ranged from an exit tax (lowered to 10 per cent) to a restriction that new capital must remain for a year. The dollar–ringgit exchange rate was pegged at RM3.80 to US$1.00. In September 1999, the Malaysian Government eased the controls somewhat, short of removing them completely. Proceeds from all exports must still be deposited in the central bank; Malaysian and international corporations in the country cannot have offshore banking accounts.[35] Transfers of capital are tightly controlled. The Malaysian economy has been on the mend and major New York and London investment funds have reinstated Malaysia in their portfolios.[36] In the July 2000 Article IV consultation with Malaysia, IMF directors commended the country for the success of its economic recovery programme.[37]

However, the debate in policy councils still rages on in Kuala Lumpur and Washington:[38] not on *whether* Malaysia should have accepted the IMF remedy, but on *how* the country could attract inflows of FDI and FPI at the same level attained before the crisis. More than any other country in the region, Malaysia has been the beneficiary, not a victim, of financial globalization. Between 1980 and 1998, Malaysia's ratio of foreign capital dependence on domestic investment increased

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TABLE 2
Capital Addiction by Region: 1980 & 1998
as a Percentage of Foreign Money in Domestic Investment

	E. Asia	*Lat. Am.*	*Mid. East*	*S. Asia*	*Africa*	*EU*	*USA*	*China*	*Malaysia*
1980	1.5%	16.1%	3.2%	2.9%	7%	5.5%	7.5%	0%	12.5%
1998	12.4%	3.2%	0%	0.4%	0%	2%	3.1%	11.9%	25.8%

SOURCE: UNCTAD, *World Investment Report 1998*.

from 12.6 per cent to 25.8 per cent, while the general Asian average was 1.5 per cent in 1980 and 12.4 per cent in 1998 (Table 2). Malaysia needs foreign capital to grow.[39]

Attacking the Fund

Henry Kissinger, Jagdish Bhagwati, Jeffrey Sachs, Martin Feldstein, Paul Krugman, and others have been critical of the gross mismanagement of the Asian crisis by the International Monetary Fund that had made the situation worse.[40] Asian economists and policy-makers considered the IMF's medicine too strong for the patient. If ill-administered, the medicine could kill.[41]

Researchers at the Heritage Foundation, an influential Washington think-tank, were equally critical of the IMF's role in Asia.[42] Some even compared the Asian crisis to the Mexican peso meltdown of 1994–95.[43] The crisis is over now, but the recovery stands on fragile ground. The crisis has caused Indonesia to lose much of its hard-earned success in the eradication of poverty under Soeharto's three-decade-old rule.[44] A senior economist at the IMF blamed "home-grown" factors for the resurgence of mass poverty.[45] The bitter pills that Indonesia and Thailand swallowed had little effect, however, in restoring their former economic prosperity. The controversial managing director of the Fund, Michel Camdessus, had resigned by October 1999, while the Thai Parliament was vigorously debating if the country would have fared better by adopting the Malaysian approach — that is, closing off the country to the depredations of currency speculators.[46]

The financial collapse set off a series of internal political changes. Indonesia had the first democratic election since its independence from the Netherlands, but the newly-elected government has shown ineptitude in managing the economic recovery.[47] The rupiah began eroding in value again when the new government came to power. Indonesia may set a world record: globalization overthrew a dictator (Soeharto) and, if the current government fails to restore financial stability soon, globalization will dismantle its first democratically-

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elected government as well. Not too sanguinely, the IMF man in Jakarta and the government of President Abdurrahman Wahid squabbled over the current policy direction.[48] However, the IMF believed that the economy was recovering, the poverty rate was down from the 1998 peak, and the level of foreign reserves up.[49] Indonesia can use all the optimism it can get. Lee Kuan Yew may be right: the economic recovery of the region may have arrived too soon for deep structural reforms to take root.[50]

A Day Late, A Dollar Short

Japan proposed the creation of a new Asian Monetary Fund, a potential financial linchpin for its Asian co-prosperity policy. The United States, the IMF, and China opposed it vigorously — each had its own reasons to veto the institutionalization of Japan's pre-eminence in the region that the Asian Monetary Fund would have bestowed, and thus the project was still-born.[51] The reality was that Japan could not afford US$118.6 billion soon after the "black November" to save the afflicted countries, given the depth of its own financial woes. Japan's proposal, first made in 1996, was also self-serving: European and Japanese banks have had a greater exposure in Asia than U.S. banks (Table 3). Japan's liability accounted for 47 per cent of the total loans of US$274.1 billion.

Critics in Asia and the United States argued that the IMF should have injected more money into the crisis-affected countries, making it easier for them to borrow, instead of prescribing a starvation-driving fiscal and monetary policy with high borrowing interest rates. Some were puzzled because Asia, crippled by currency crises and investors' panic, was required to take Draconian steps that went beyond exchange rate corrections.[52] They were convinced that the IMF had another agenda: its goal was to dismantle the *plan-rational* system that threatened the West's *market-rational* capitalism by out-performing the latter. The idea of the "Pacific Century" as a new world order disturbed the West, the Asians argued.

TABLE 3
Bank Exposures to Asia, January 1997
(In US$ billion)

	China	*Malaysia*	*Philippines*	*S. Korea*	*Taiwan*	*Thailand*	*Indonesia*	*Total*
USA	2.7	2.3	3.9	9.4	3.2	5	5.3	31.8
Japan	17.8	8.2	1.6	24.3	2.7	2.7	22	114.1
EU	26	9.2	6.3	33.8	12.7	19.2	21	128.2

SOURCE: *Far Eastern Economic Review*, 15 January 1998.

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The political consequences of the IMF's policy were devastating. In the case of Indonesia, it is safe to say that the IMF's policy hastened the collapse of Soeharto's reign and initiated a new democratic era. It is also safe to say that, in Malaysia, the debate to embrace or reject the IMF's remedy brought to the surface the internecine power struggle then in progress between the top two men in the government, Prime Minister Mahathir Mohamad and his deputy (and Finance Minister), Anwar Ibrahim. In Thailand, the philosophical debate between the neo-liberal, pro-IMF monetarist and the developmentalist technocrats failed to increase the post-crisis momentum of recovery in a country where bureaucrats have been taught not to challenge well-connected businessmen, retired military officers, and politicians.[53] In Korea, the crisis assured the election of the opposition candidate, Kim Dae Jung, to the presidency, but the see-saw battle of wills between the new government and the country's powerful *chaebol* (the politicized creatures of the military regime) over how to restructure the debt-ridden conglomerates has been dragging on. The political contagion effect of the crisis and the impact of the region's devalued currencies have, in varying degrees, produced important changes that have destabilized authoritarian governance and consolidated, if not enhanced, budding democratic institutions in the region.

Malaysia's Barisan Nasional (BN) and its flagship United Malays National Organization (UMNO) are experiencing internal dissent, quite apart from the impact of the Anwar affair. Chinese Malaysians who supported the BN in the November 1999 elections are questioning the New Economic Policy (NEP)-sponsored privileges for Malays, while the government is determined to retain the preferential treatment for *bumiputra*, which is the foundation of UMNO's legitimacy. The Malay-based Islamic opposition party, Parti Islam se Malaysia (PAS), now controls two Malaysian states. Democratic roots are clearly sinking deeper in Malaysia. In Thailand, the proponents of multiparty democracy have failed to agree on how to consolidate and build it on the fragile economic recovery. In Indonesia, President Abdurrahman Wahid has survived the scathing scrutiny of the MPR (People's Consultative Assembly) by agreeing to a power-sharing scheme among the President, Vice-President, and two Co-ordinating Ministers. In late August 2000, a new Cabinet was sworn in, but the nation was not impressed. If no economic recovery takes place, there will be recriminations among the four, and accountability will likely be the casualty, but the scheme does assure political peace for a while. In Korea, the peaceful unification of the peninsula will take many years to be realized. The pace of investment in the North by *chaebol* will pick up; investors' confidence in the South will eventually be

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restored; and the process could lead to a new political economy for the peninsula.

An Alternative Hypothesis to the Crisis

The Asian financial crisis occurred because the policy tools of the developmental state were a mismatch to global capital markets. As the financial crisis deepened, the model became dysfunctional. The accelerating globalization after the end of the Cold War hastened the paradigm shift in world development — from state-*centric* to market-*driven*. The Asian model remains fundamentally statist and is therefore flawed in the age of globalization. The crisis that began in 1997 offered a challenging test to the developmental state model and proved state-driven remedies to be inadequate. The crisis was provoked by private capital markets. Solutions lay beyond the political borders of the state. Thus, suprastate and even globally co-ordinated remedies were required.[54] Asia lacked a collective credit facility to produce such a regional solution, as its developmental statism has cherished mutual non-interventionism in neighbours' domestic well-being. The excessive emphasis on state sovereignty has effectively precluded the region from collective action.

For some time, the role of the developmental state was under assault and severely challenged, as more FDI and FPI entered the region. To successfully absorb the incoming capital, the state needed to adopt a host of strong regulatory regimes, but Southeast Asia and Korea did not do this. The region did not possess skilled bureaucracies to deal with the fast inflows and outflows of capital and could not cope with the ever-changing volatile environment of the global capital market. Inflows of foreign capital increased foreign reserves and enhanced the capital account over the short run. The increased money supply in these economies exerted pressure on the value of regional domestic currencies downward, but Asian central bankers failed to adjust, because it was a politically unpopular move for consumers and investors. Overvalued local currencies made foreign goods, services, and even money cheaper and reinforced the legitimacy of the authoritarian regimes. The excess money was spent on major infrastructure projects not always related to the countries' short-term needs. As the Asian model began to liberalize and deregulate, the escalating level of the currency (in other words, capital) substitution increased.[55] It also replaced domestic savings in state custody and rendered redundant the traditional allocative power of the Asian state. Consequently, global money that freely criss-crossed the world fuelled corruption in Indonesia among Soeharto's closest supporters, while in

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Malaysia too much money brought the followers of the Prime Minister and his deputy to bicker about *who* could use the new money and *how* it should be spent. In Korea, the *chaebol* over-expanded and over-leveraged themselves, while in Thailand, real estate and the stock market experienced a boom largely as a result of cheap foreign money. In all cases, state authorities failed to moderate and rein in the financial excesses of Soeharto's cronies, politically powerful Thai financial houses, Korea's free-wheeling *chaebol*, and Malay-owned and UMNO-linked ethnic enterprises.

Capital import generally leads to the over-valuation of currencies under authoritarian development states. Over time, currency substitution does not require conversion and, in many cases, local financial and business communities in the region substituted stronger currencies (such as the dollar or the yen) for local currencies. To bolster the popularity of the regime, the state allowed the domestic currency to appreciate, thus subsidizing the increased domestic consumption. This in effect weakened the state's ability to guide and direct the country's economic path, made corporations and individual entrepreneurs more assertive towards the central bank, and increased the country's vulnerability, exposing it to the whims of global investors. The financial sovereignty of the developmental state was at risk. Under political pressure, Asian state bureaucracies tended to provide misleading information about the extent of their foreign reserves.[56] Thailand squandered about 90 per cent of its foreign reserves of US$28 billion (as of February 1997) in attempts to shore up the sagging baht. In the end, the state was exposed to the perils of the very financial liberalization it had undertaken a few years earlier. Thomas Friedman has argued that globalization, financial or otherwise, is not a choice.[57] Yet, the Asian bureaucracies wanted to believe they had a choice and could control global capital markets.

Globalization Dismantles the Developmental State

Unlike import substitution which occurs within national borders and is always a state initiative, currency substitution amounts to a state's abrogation of its financial autonomy that, over time, obliterates its national borders. It reduces the state's power over its economy. Foreign money, especially short-term portfolio funds, flows into flourishing economies *anywhere*; borrowing becomes easy; and easier borrowing spawns ill-considered investment projects. Governments tend to welcome all kinds of foreign money. This effectively ends the era of the developmental state in which the government anoints winners in

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business, often subsidizing research and development, promoting exports, and deepening Asia's neo-mercantilist industrialization — that is, the state leads, the market follows. The developmental state's greatest leverage over the market is its ability to allocate credit. Finance is the state's lever. To paraphrase Charles de Gaulle, the government must retain the levers of command to become a successful developmental state.[58] As the market needs less money from the state and resorts more to international currency and capital substitution, there are even fewer reasons for the market to follow, not least obey, the state. Financial globalization shifts the controlling lever to capital markets, and state power declines. This provokes political and social changes — regimes collapse, the political opposition wins in elections, and new civil society groups emerge.

A corollary to the evolution of the financial relationship between the state and the market is the globalization of state bureaucracy and private sector managers — recruiting overseas management talent — thus breaking loose from the state's hold on the levers of power. The globalization of Singapore's private and government-linked corporations is a case in point. A few months before the collapse of the Thai baht, Singapore's Neptune Orient Lines (NOL) bought the American Presidential Lines (APL), America's biggest trans-Pacific cargo liner for US$825 million, a company twice the size of NOL. The purchase was ill-timed, leading to a staggering loss of US$254 million for NOL in 1998. Subsequently, the Government of Singapore encouraged the restructuring of the company. A Dane was hired as its Chief Executive Officer. He was to adopt a series of cost-cutting measures, including the reduction of employees from 10,000 to 8,500, a saving for NOL of US$100 million a year. Ninety-five per cent of world trade is still carried by ocean-going containerized ships and the cost of shipping has increased by a third to North America and 14 per cent to Europe since the acquisition of APL. To expand its fleet and recapitalize its operations, NOL went to the financial markets to raise some US$500 million. Temasek Holdings, Singapore's state-owned holding company, took a third of the shares issued, while two-thirds were raised in the capital markets.[59] Thus, it was at the height of the financial crisis that NOL raised money.

Singapore has been at the forefront in upgrading its management, even if it means hiring non-Singaporean and non-Asian executives, engineers, and computer scientists. Many are from the United States, Canada, Australia, and Europe. What matters for Singapore is to be competitive globally and to dominate the market. Thus, the Development Bank of Singapore, Southeast Asia's largest financial

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house, hired a French lawyer-economist as chief executive of its personal banking division.[60] He came from Ford Motor Finance Corporation. Before that he had worked for Renault in France.

The interchangeable nature of global executives is not confined to the private sector alone. Many former government officials often do stints in the World Bank, the International Monetary Fund, and the Asian Development Bank, as well as work for private banks and investment houses. The current president of the Brazilian Central Bank was an employee of the Soros Quantum Fund in charge of Indonesia; two recent vice-presidents of the World Bank were economic or finance ministers from Latin America and East Asia. Technocrats make decisions with national interests at heart, but with an eye to global realities. What matters to them is what their colleagues overseas think of their actions. They are interchangeable technocrats, moveable parts of the extensive network of the global public and private financial systems. They routinely consult each other across the oceans and make similar decisions for their governments, often influenced by the views of those sitting in Washington, London, Bonn, Paris, Tokyo, or Rio de Janeiro. Today, it is impossible to make purely *nationalistic* financial decisions in a globalized environment. Singapore may be setting an important precedent for Southeast Asia by importing global managers. The state is *seemingly* taking a less prominent role. Sovereignty issues, xenophobia, and cultural chauvinism are submerging slowly and taking a backseat where economic, financial, and commercial success is at stake. Globalization has been slowly erasing national borders in the minds of public-sector planners and private business managers.

Too Much World Money Weakens the Asian State

Ready access to the global stock and bond markets in New York, London, and Tokyo by Asian firms have altered the fundamental relationships in the Asian developmental state. Japan and Europe have become the principal lenders to Southeast Asia (see Table 3). As in the import-substitution model of earlier times, capital substitution through imports has had an enduring effect on both expanding the Asian economy and, at the same time, diminishing such governance issues as the *dirigiste* role of the state in development and the ability of the state to sustain its legitimacy. Unlike Latin America, Asian states have not been, and still are not, key players in the domestic markets as holders of state-owned enterprises, except in energy, telecommunications, and transport. Here, too, the trend has been for downsizing the state's role by deregulation, liberalization, and privatization. The state has been voluntarily giving up its lever of control. To no one's surprise,

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Singapore announced that, under certain circumstances, it would allow foreign firms to buy into Singapore Telecoms.[61] Malaysia is saying the same thing about its national airline.[62] Neo-liberalism is one side of the globalization coin; the other is the shrinkage of state power.

During the first half of the 1990s, external funds allowed Asian states to achieve high rates of growth. As businesses began to find alternative sources of finance capital, principally from overseas investors, the level of corporate dependency on the state was correspondingly diminished. Also diminished was state commitment to bear the moral hazard. Why protect foreigners' investments? However, it was a short-sighted and costly exercise. Bureaucracies, acting on nationalistic impulses, also created a credibility problem. It was not just the international investors who should be protected and held accountable. As global money recognizes no nationality — an important lesson of today's globalization — financial interests have to be protected, regardless of national origin. International speculators have had domestic intermediaries throughout Asia. Only the two can play financial tango. The Asian obsession with sovereignty issues and hubris rejuvenated by decades of remarkable growth has blinded state leaderships and bureaucracies to lose objectivity and a sense of the reality that limits exist.

Displacement of State Lever

For the first time since the 1960s, the interest-setting policies of the U.S. Federal Reserve, the Bank of Japan, and Germany's Bundesbank commanded more global attention than the pronouncements and policies of Southeast Asia's own central banks. The Asian states did not wish to control the flows of private credit, for this currency substitution relieved states of the onerous obligation to lend and the pressure to create fresh capital. To expand their economies even faster than their neighbours, Indonesia and Thailand resorted to printing more money.[63] In Malaysia, pro-government businesses amassed a fortune from proliferating public works projects. Korea's *chaebol* borrowed unceasingly from overseas sources, as long as money was available. In 1996, the Koreans depressed the global microchip market because of over-production. The bureaucracy encouraged the use of external savings and held domestic savings for politically-motivated public works projects. As businesses expanded their exports and secured a firm place in international borrowing markets, global banks and equity institutions replaced the country's central bank and the Ministry of Finance as lenders of last resort and surrogate custodians of financial forbearance. By externalizing the risk, it was the IMF that carried the

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onus of moral hazard, not the governments of Korea, Thailand, and Indonesia. This further weakened the developmental state.

In the late 1980s and early 1990s, more money flowed into Asia. Governments were under the illusion that they had created a virtuous cycle of growth and could control the flows of capital and currency into their national economies. Electronic transfers of capital, a dearth of prudent supervision, and lax accounting procedures contributed to the rise of free-wheeling financial speculation throughout the region. The consequences of these deregulated and liberalized environments were the inadvertent dismantling of the linkages between the state and the market. Global banks looked at the IMF and the World Bank as the new wielders of moral hazard. But unlike national states, these institutions called to account and imposed a conditionality of reforms for any possible bail-out.

The End of the Asian Developmental State

In a recent dedicatory book to the Asian developmental state, Chalmers Johnson argued that the end of the Asian developmental state would also bring down the U.S. economy, a reference to the extent of global interconnectivity.[64] No country exists in a cocoon. The world has no autarky. Financial follies do not discriminate. They can happen to both developed and developing political economies. Financial crises precipitate political changes. The transition to democracy in the 1980s and 1990s has often followed such economic or financial collapses of socialism, Third World state capitalism, and now East Asian developmental statism. Political scientists have shown that a clientelistic state evolves into a citizen-driven state over time, when the élites make room for new autonomous institutions as well as popular interests.[65] It has also been asserted that authoritarian regimes give way to democracy, as the economy prospers.[66] It has happened to Japan, Korea, and Taiwan. In Thailand (1992) and Korea (1994), military élites retreated at the height of economic prosperity, and new civilian elected governments came to power. The new civilian democratic regimes sought to modify the old developmental state norms by making room for popular participation, while the business élites were called on to account for their practices. The *chaebol* in Korea and the financial houses in Thailand resisted instituting reforms in their organizational structure and business practices. But the resultant Asian crisis redefined the state–market relationship for them and in the process consolidated democracy in Korea and Thailand. This has also weakened the foundations of the developmental state.

In Indonesia and Malaysia, authoritarian regression took place.[67] The Soeharto regime was propped up by the docile armed forces,

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which, as an institution, was incorporated into the systemic *korupsi, kronyisma* and *nepotisma* (KKN), and a coterie of business cronies, including leading Chinese conglomerates, who benefited from doing business with the state and extracted favours and monopolies as state rentiers. The forces of globalization — in this case, the investors' panic and hasty withdrawal of money from the region, plus the flight of domestic capital — undermined regional economic stability. When the students challenged the legitimacy of Soeharto's rule in May 1998, the nexus among the armed forces, big business, and the presidential family collapsed, bringing down Soeharto.

In Malaysia, the ruling party (UMNO) has established an extensive popular network of rural and urban supporters nationally. In the rural areas, the so-called "green revolution" of agricultural subsidies and grants to Malay families in villages has secured for UMNO a loyal following at the grass-roots level. In urban areas, middle-class Malays — who have benefited most from state patronage in employment, credit, housing, education and business — are largely pro-government supporters, as the landslide victory of the Barisan Nasional in the 1995 elections demonstrated. Upper-class Malays, affluent Chinese, and aspiring Indian entrepreneurs depended on the Malaysian state's largesse for their success. Thus, when the financial crisis threw Malaysia into a deep recession in early 1998, the government was quick to unite the country's diverse sectors and ethnic groups against the "external threat" — from currency speculators to U.S. Vice-President Al Gore and anyone else who supported the *reformasi* movement.[68] Prime Minister Mahathir's greatest obstacle was his own deputy, Anwar Ibrahim, who called for greater government transparency. By removing the latter from power, Mahathir emerged as the unchallenged leader in the twilight of his career, was able to protect the country from the likes of the IMF, and successfully preserved the Malays' social and economic status quo.[69]

What happened in 1997 was the first warning shot, signalling that the global economy and developmental statism were incompatible and *were* on a collision course. The longer Asian states persist in their old ways, the greater their future vulnerability. Real growth and gains can be turned into ashes overnight. The region does not need a George Soros to upset its finances. Ill-informed fund managers sitting in New York, Tokyo, Singapore, Frankfurt, and London, managing billion-dollar global investment funds, can do more damage to the Asian economy than can Soros. Like interchangeable technocrats, these investment fund managers form a tightly-knit global network, whose loyalty transcends national borders. Damage can be inflicted, only faster and more stealthily such that central banks have little time to react. Lee Kuan Yew lamented that Southeast Asia's reforms have not been deep

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enough to restore international investors' confidence in the region.[70] Northeast Asia has been restructuring its economic and financial systems diligently, but Southeast Asia has not gone as far in that process. The more dependent on global capital markets, the more transparent domestic economies will have to be. Soon pressures for political liberalization will follow.[71] The Asian crisis has strengthened the roots of democratic institutions in Northeast Asia but such a political transformation is not universal in Southeast Asia.

The Invention of a New Asian State

Import-substitution industrialization has been cited as the *statist* linchpin of closed populist and socialist political economies in Latin America and Africa. *Dirigiste* export promotion has been the driver for the Asian developmental state. When the global financial sector challenged the traditional state-driven export promotion, the viability of the developmental state was at risk. Chalmers Johnson has argued that it is not possible for other Asian states to replicate the Japanese model in its entirety because of the difference in history, culture, political economy, and interstate relations with the advanced economies. Bruce Cumings has been more generous in arguing that the Japanese and Korean models are different from those in Southeast Asia, but the fundamental features — the state leads, the market follows — remain the same.[72] Notwithstanding that, the differences between Northeast and Southeast Asia exist and are widening, even if countries in both regions face the same challenges of globalization: economic integration on a global scale, digital revolution, ever-tightening connectivity among cultures and peoples, spreading democratic and capitalist values across borders, linking with the remotest corners of the globe through the Internet, and the growing dependency of countries on global finance and trade.[73] These were the challenges that the Asian developmental state was ill-prepared to confront. Once the economic borders were removed, the developmental state was helpless.

A Model for the New Asian State

Malaysia, Singapore, Korea, Indonesia, and Thailand are at a crossroads. It is critical how these East Asian states respond to the challenges of globalization. The role of the state must be redefined, as the economies of the respective countries increase their globalization quotient.[74] Before the crisis, the ratio of private capital inflows to the region was increasing substantially. The year before the crisis, an over-confident Thailand had the highest ratio, 14.5 per cent, while a more

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TABLE 4
Private Capital as a Percentage of Gross Domestic Product, 1994–95

	Indonesia	*Korea*	*Malaysia*	*Philippines*	*Thailand*
1994	0.3%	1.2%	1.2%	7.9%	14.3%
1996	6.1%	4.9%	8.4%	12.7%	14.5%

SOURCE: Philippe Riès, *The Asian Storm* (Boston: Tuttle Publishing, 2000), p. 18.

xenophobic Korea had the lowest, 4.9 per cent[75] (see Table 4). A new competitive Asia will require more foreign capital, not less.

In view of these changes, and increasing competition within the global economy for capital, East Asia will have to reinvent and strategically re-position itself in the coming decades.

Given the traditional values of the region, it will not serve its broader interests if a neo-liberal political economy model is adopted. The neo-mercantilist model, which has served the region for the past four decades, has also exhausted its effectiveness. It must acknowledge that the global economy is fundamentally *market-driven,* not state-promoted. A single state's external policy cannot be effective outside its borders. It is doubtful if it will be effective even within borders. Asia will need its own Third Way model.[76]

Such regional markets as the European Union, MERCOSUR, and the North American Free Trade Agreement (NAFTA) have had the effect of imparting important benefits on big and small states alike. NAFTA enhanced Mexico's economic recovery from the 1994-95 crisis. By opening up its market, Mexico also bared its authoritarianism to the global forces of democracy. It was a bold gamble that the then-ruling élites lost. In July 2000, the ruling party (the Partido Revolucionario Institucional, or PRI) lost the presidential election, thus ending its 71-year-old rule. In August 2000, it lost the gubernatorial election to an opposition party in Chiapas. Had NAFTA adopted ASEAN-style non-interventionism and guarded economic opening, the Mexican ruling party would have survived, but not the economy. In neither Mexico nor East Asia did the crisis of legitimacy lead to military intervention, and thus democracy held sway.

The new Asian state will have to promote a paradigmatic shift from state-*centric* to market-*driven* development: it has to avoid excessive state domination in social, economic, and political life — "the state should not row, but steer";[77] political actions must not hamper the market, and finally, social solidarity and ethnic cohesion should be preserved and built on economic dynamism and income equity. To accomplish these objectives, Asia will have to work in a large

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framework of regional organizations such as ASEAN, and even the Asia-Pacific Economic Co-operation (APEC) forum. To do this right, the state will have to voluntarily reduce its role as financier, planner, and even producer. More transparency, public accountability, and an adoption of a meritocractic civil service can help. Investment in physical and human infrastructure must be made and sustained. Finally, the spread of democratic values, rooted in and shaped by Asian experiences, must be welcomed. Greater trade and financial integration with Japan, Korea, and Taiwan as well as the European Union, Australasia, and North America can bolster Southeast Asia's aspirations of becoming fully developed. This, in turn, can consolidate and even speed up the current process of democratization.

NOTES

1. To be fair to history, I must point out that the political paradigmatic practices that the Western media has associated with the Asian state were also the driving force in American politics: the Tammany Hall of New York elected Grover Cleveland, a crony of Tammany bosses, President of the United States in the 1890s; Harry Truman owed his political rise to the Pendergast machine politics in Kansas City; and Nixon accused Richard Daily's Irish political machine in Chicago of tipping the victory to John Kennedy by rigging the election.
2. Anthony Giddens, *The Third Way and Its Critics* (Malden, MA: Blackwell Publishers, 2000), p. 126.
3. Chalmers Johnson, *Japan: Who Governs? The Rise of the Developmental State* (New York: W.W. Norton, 1995), p. 67; and Donald K. Emmerson, "A Tale of Three Countries", *Journal of Democracy* (October 1998): 35–54, esp. 51.
4. Fernando Henrique Cardoso, *Análises do modelo brasileiro* (Rio: Paz e Terra, 1972).
5. Lee Kuan Yew, "East Asia's Status in the 21st Century", Speech given at ISIS Malaysia, Kuala Lumpur, 16 August 2000.
6. Cited in Johnson, op. cit., p. 91.
7. Ibid., pp. 64–68, 91–101. His controversial but seminal work, *MITI and the Japanese Miracle: The Growth of Industrial Policy 1925–1975* (Stanford: Stanford University Press, 1975) gave rise to the "revisionist school" which has often been accused of Japan-bashing and even being racist.
8. For the Asian crisis as a currency crisis, see Manuel F. Montes and Vladmir V. Popov, *The Asian Crisis Turns Global* (Singapore: Institute of Southeast Asian Studies, 1999); and Manuel F. Montes, *The Currency Crisis in Southeast Asia* (Singapore: Institute of Southeast Asian Studies, 1998), pp. 3–6. IMF Staff, "The Asian Crisis: Causes and Cures," *Finance & Development* (June 1998), http://www.imf.org. Ajit Singh, "'Asian Capitalism' and the Crisis," in *Global Instability: The Political Economy of World's Economic Governance*, edited by Jonathan Michie and John Grieve Smith (London: Routledge, 1999), pp. 9–36, esp. pp. 18–20. For a more thoughtful reflection on the crisis, see Bruce Cumings, "The Asian Crisis, Democracy, and the End of Late Development", in *Politics of the Asian Economic Crisis*, edited by T. J. Pempel (Ithaca: Cornell University Press, 1999), pp. 17–44; and François Godement, *The Downsizing of Asia* (London: Routledge, 1999).
9. J. A. Kregel, "East Asia is Not Mexico: The Difference between Balance of Payments Crises and Debt Deflation", in *Tigers in Trouble: Financial Governance,*

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10. Ross Garnaut, "Indonesia", in *East Asia in Crisis: From Being a Miracle to Needing One?*, edited by Ross H. McLeod and Ross Garnaut (London & New York: Routledge, 1998).
11. Richard Hu, "Asia 2000", *SES Journal: An Official Publication of the Stock Exchange of Singapore Ltd* (July 1997), pp. 6–14; and Kregel, op. cit., p. 47.
12. Ibid., p. 6.
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Cambodia's International Rehabilitation, 1997–2000

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This article offers a historical analysis of Cambodia's recent three-year crisis of international legitimacy, provoked by the brief civil war in July 1997, and finally settled between November 1998 and mid-2000. Overwhelming international condemnation of Hun Sen's government after the July 1997 fighting seriously delayed national reconciliation and a return to stable government. However, the origins of Cambodia's complex 1997 crisis go back to UNTAC and before. This article argues that from 1993 onwards and especially during the 1997–98 crisis, Cambodia's national sovereignty came under serious challenge from increasingly powerful ideas about international peace enforcement and the imposition of international norms of behaviour on small or weak states. Cambodia fought off such pressures: it found a new domestic political equilibrium, and in so doing succeeded in reclaiming its sovereignty and international legitimacy.

Introduction

For some sixteen months, from the outbreak of military conflict in Cambodia's capital, Phnom Penh, between the two coalition parties sharing government (the CPP and Funcinpec) on 5 July 1997 until a new coalition government was formed in November 1998, Cambodia's international legitimacy was suspended. Cambodia's leading politician, Prime Minister Hun Sen of the Cambodian People's Party (CPP), was comprehensively and routinely condemned in the world's press.[1] The credentials of the Royal Government of Cambodia (RGC)) to occupy its

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United Nations seat were rejected by the latter in August 1997 (even though these credentials were co-signed by Hun Sen and his then co-Prime Minister, Funcinpec's Ung Huot, and endorsed by King Sihanouk). Cambodia was not able to resume its seat in the United Nations until December 1998, following the formation of a new CPP-Funcinpec coalition government. Cambodia's bid for ASEAN membership, which had been within a few days of taking effect in July 1997, was suspended by ASEAN, pending normalization of Cambodia's political crisis. Ironically, Myanmar, led by the State Law and Order Restoration Council (SLORC) regime was admitted into ASEAN in 1997 along with Vietnam and Laos, while a disgraced Cambodia had to wait another year-and-a-half, until early 1999.[2]

The restoration of the U.N. seat and the acceptance into ASEAN were the key markers in rebuilding Cambodia's international legitimacy. A third key marker — annual aid consultations with major donors, which provide about half of Cambodia's annual government budgetary revenue — also resumed in April 1999, after a 22-month gap. The International Monetary Fund (IMF), the World Bank, and the Asian Development Bank resumed their normal programme relationships with Cambodia in early 1999. Since then, there has been a progressive and now virtually complete restoration of Cambodia's international standing.

The legitimacy of Cambodia's government is still being contested, but by a shrinking band of opponents (and not by any government). One outstanding issue still in contention until recently — agreement on procedures for the United Nations and the RGC to jointly conduct Khmer Rouge trials — continued to sour Cambodia's international image throughout 1999 and the first half of 2000; but finally, with the help of constructive mediation by the United States, it now seems to be on the point of implementation.[3]

The past three years have been a hard road for the RGC. The immediate and blanket condemnation by virtually the entire international community of the July 1997 conflict as a Hun Sen-led coup precipitated a three-year political crisis that carried serious costs for all Cambodians.[4]

The first cost was in the quality of governance. Much of the RGC's political energy and leadership focus, from the fighting in July 1997 till the settlement with the United Nations in July 2000 on the issue of the Khmer Rouge trials, needed to be directed to the search for political solutions and to the defence of Cambodia's national sovereignty and international standing under hostile international pressure. Clearly, it would have been preferable for the RGC's scarce leadership resources to be addressed towards Cambodia's many pressing internal problems:

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scaling down the artificially swollen and corrupt military, and reducing its heavy demands on the national budget; controlling illegal logging, corruption and organized crime, judicial malpractices and impunity; improving human rights observance, addressing problems of land title reform, labour reforms, the spread of AIDS, and strengthening the rights of women and children.

During the past three years, however, the limited number of competent and internationally experienced senior Cambodian government ministers and officials necessarily focused their main efforts on the overriding crisis of international legitimacy. This was a major opportunity cost of the world's condemnation of the RGC after the July 1997 events. It had to be the top priority of the government, because — certainly until the internal political settlement in November 1998 — there was a high risk of Cambodia reverting to the international pariah status that it fell into from 1978 to 1991, and even of re-igniting the civil war.

Another, readily quantifiable, heavy social price was paid in terms of lost foreign aid and sacrificed development opportunities. The Cambodian economy — despite all the political stormclouds — was doing well in 1996; it was growing at 7 per cent. Aid programmes (including, importantly, United States inter-governmental programmes) were expanding in scale and coverage. However, all this changed dramatically after July 1997. Most multilateral and some bilateral inter-governmental aid was cut sharply. The United States suspended all inter-governmental aid, which it is only now gradually beginning to restore. It took time for other leading bilateral donors, Japan and France, to increase their aid to make up for the U.S. shortfall. The IMF, the World Bank and the Asian Development Bank all curtailed or cut back their country programmes for Cambodia.

Gross national product (GNP) growth slumped after July 1997 as a result of the loss of aid and damage to investor confidence following international condemnation of the Cambodian Government. The fighting itself caused little physical damage, but Cambodia's economic momentum and international image slumped. Using Asian Development Bank figures, Cambodia's gross domestic product (GDP) in 1996 had risen by 7 per cent — regarded by ADB economists as Cambodia's natural maximum sustainable rate of growth. In 1997, it fell to 2 per cent. There was zero growth in 1998. It rose to 4 per cent in 1999, is forecast to be 6 per cent in 2000, and back to 7 per cent in 2001.

Compounding these annual losses, the total GDP growth sacrificed in 1997–2000 was about 16 per cent. For a country with an average per capita income of about only US$300 per year, a cumulative loss of 16 per cent of potential GDP growth over four years was a huge loss of

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opportunity for social welfare and development. It is a humanitarian tragedy that political disruption was able to handicap the economy so seriously and for so long.

As the Cambodian economy's financial sector is undeveloped, little of this lost growth can plausibly be attributed to the Asian economic crisis. It was almost entirely a market response to Cambodia's political crisis. In terms of sovereign risk, Cambodia's international investment rating collapsed in the years of instability, 1997–98. Investors were, quite properly, warned in country-risk assessments to stay away until Cambodia's troubled politics had stabilized.

Cambodia's international pariah status still lingers on in some areas of the international human rights movement. It is disturbing that some international human rights lobbies still argue seriously even today that renewed aid to Cambodia should be made conditional on punitive and essentially unachievable qualitative tests of the Cambodian Government's performance.[5] No other poor, developing country is being asked to meet such performance criteria as a precondition for assistance.

Cambodia is now again receiving quite generous inter-governmental aid — about US$540 million per year. This translates to about US$45 per Cambodian per year — certainly more than citizens of most poor African nations receive from the international community. However, Cambodia is a special case with a specific history of destructive Western intervention. In the 1960s, Cambodia was level-pegging with its Southeast Asian neighbours in terms of human development indicators. Cambodia's present weak economy and damaged civil society is the outcome of three decades of ideological and military conflict. Outside intervention played a major role in generating and needlessly prolonging this conflict.

Historical Overview

Richard Nixon's and Henry Kissinger's policy of saturation bombing of the Vietcong supply routes through Cambodia in 1970–75 destroyed Cambodian society.[6] These bombings overturned a hitherto stable and overwhelmingly peasant society across the most populated agricultural heartland of Cambodia. They destroyed the fragile Lon Nol government and opened the way to the hideous Khmer Rouge regime, which brutalized and slaughtered its own citizens for three years, 1975–78. Then as part of the Cold War grand strategy, the Western countries, some ASEAN member countries, and China supported (with diplomacy, money, and sometimes arms) a long resistance war for twelve years against the Vietnam-supported State of Cambodia (SOC).

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The resistance coalition army was spearheaded by the Khmer Rouge, its strongest and most aggressive military element. Most of the landmines which are still killing or maiming children in Cambodia's northwest were laid by Khmer Rouge or SOC forces during this brutal war of attrition.

Many of Hun Sen's critics, in evaluating the events of July 1997 and their aftermath, prefer to set aside this crucial earlier history. This is perhaps because their enthusiasm was so seized by the generosity and energy of the UNTAC (United Nations Transitional Authority for Cambodia) project in 1991–93, that they saw UNTAC as finally settling the accounts of that earlier civil war. They were subsequently distressed by what they interpreted as the shattering of UNTAC's hopes for Cambodia by Hun Sen's July 1997 coup.

One needs to recall the UNTAC experience to make the politics since 1997 intelligible.[7] UNTAC, a large and disparate body of men and women from many countries, included many agendas. First, there was the altruistic desire to make amends to the Cambodian people by steering through a peaceful settlement that would end twenty-one years of war and terror. Moreover, many in the United Nations, in its mood of post-Cold War optimism, would have wanted to give the Cambodian people instant access to democratic values and institutions, and a genuinely free choice of government — to create overnight a sort of little Asian Switzerland.

There were perhaps some undeclared post-Cold War agendas too. Some in UNTAC may have wished to break the CPP's hold on power. They would have seen the CPP as a successor communist party foisted on Cambodia by Vietnam in 1978, and having no real popular legitimacy. They might have hoped that UNTAC would generate a popular rejection of the CPP, as had taken place in Eastern Europe and in the Soviet Union. Maybe some hoped even to undermine the Vietnamese communist regime, through the demonstration effect of a peaceful transfer of power away from a "communist" regime to a pluralist democracy in neighbouring Cambodia.

Such views would have rested on wishful thinking and a denial of Cambodian political realities. As Thayer notes: "Elections may have 'opened up' the political process in Cambodia but they did not fundamentally alter the nature of political power in that country."[8] The CPP's greatest strength was the popular legitimacy and support it had won from Cambodian voters during the past twelve years of its lonely struggle to keep Cambodia afloat in the face of a hostile or indifferent world. It was an illusion (fostered by supporters of the returning resistance parties) that the people were just waiting for the chance to throw off the shackles of so-called communism. The CPP's manifest

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efforts to use its pitifully scarce state resources in the years when Cambodia was boycotted, to combat rural poverty, disease and lack of education; the substantial market economy measures introduced by the CPP in the late 1980s; its support for the revival of the national religion, Buddhism, and of traditional Cambodian social values; its willingness to surrender power to UNTAC in 1993, in the hope of achieving a final end to Cambodia's international pariah status — all these positive factors were not given due weight.

Similarly, the democratic credentials of the former resistance parties that contested the 1993 UNTAC-supervised elections — the royalist party Funcinpec and the republican Buddhist Liberal Democratic Party — were being viewed by some in UNTAC through rose-tinted spectacles. The strongly chauvinistic agenda of both parties and their indifference to human rights atrocities against the Vietnamese ethnic minority in Cambodia were discounted, as was their recent military alliance with the same Khmer Rouge movement that had laid waste to Cambodia during its years in power and that still had the same venomous racial ideologies. It was also discounted that Funcinpec had not yet evolved into a democratically accountable party, but was still basically a hierarchical national organization led by the King's son, Prince Ranariddh, and built around the principle of monarchy — "king, nation, religion".

Because they had until recently been at war, the opposition parties had no opportunity to take part in the pre-UNTAC administration of Cambodia. This gave them the newcomer's advantage of clean slates with the electorate, and with UNTAC. They could not be held accountable for human rights malpractices or abuses of power under the CPP-run Cambodian administration.

On the other hand, the CPP was held accountable by UNTAC. Even with a generous budget and staff numbers, UNTAC could not administer Cambodia without the co-operation of the existing local government infrastructure, which was of course CPP-organized. Only the top layer of CPP government leaders handed power over to UNTAC. There were numerous confrontations between UNTAC officers and human rights monitors and CPP middle- and lower-level officials over issues of governance and human rights during the pre-election period. Although most pre-election atrocities were in fact committed by the Khmer Rouge, the CPP got most of the blame. Although the UNTAC administration began with no formal bias against the CPP — and UNTAC claimed complete impartiality in its charter and administration — the experience of the UNTAC period left a strong anti-CPP bias in the minds of many of the Western officials and military who worked with UNTAC.

The CPP was left with a similar legacy of mistrust against UNTAC

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and the United Nations: Hun Sen claimed frequently that UNTAC had been biased against the CPP in its troop cantonment and weapons impoundment policies, which the Khmer Rouge had successfully defied, and which left the CPP unable to resist subsequent large territorial gains in 1993–94 by well-armed Khmer Rouge forces in the northwestern provinces.[9]

Funcinpec — helped greatly by its close family connection with the much-loved reinstated King Sihanouk — won the 1993 UNTAC election with the most seats (58 out of 120). A governing coalition with the CPP (in second place with 51 seats) was constitutionally inevitable. The 1991 Paris Accords had provided that an agreed national constitution must be adopted by a two-thirds majority before a government could be formed, which had to be within three months after the UNTAC-supervised elections. These provisions had been carefully negotiated by the signatories of the Paris Accords in order to ensure that the first democratically elected government would have a substantial initial endorsement by the elected parliamentary assembly.

The voting result thus gave the CPP a strong voice in the first coalition government. The unique compromise of a two-prime minister system, an initiative brokered by King Sihanouk, grew out of the need for Funcinpec and the CPP to compromise after the very close election results, 58 to 51 seats. The two prime ministers (Sihanouk's solution) were not intended to be co-equal — Ranariddh was understood to outrank Hun Sen — but Hun Sen was clearly intended to have higher status than a Deputy Prime Minister.

All parties at the time (except the Khmer Rouge, which had decided meanwhile to boycott the elections and what they contemptuously labelled the resulting "two-headed government") accepted this approach to power-sharing. The international community temporarily set aside their suspicions of Hun Sen and the CPP, but it never really forgot them. This is crucial in understanding how the world reacted to events after 1996.

The coalition enjoyed an initial honeymoon period of about two years. In March 1996 it began to fracture.[10] Funcinpec's resentment at the CPP's failure to share with them the real powers and prerogatives of government finally boiled over. An earlier serious incident in late 1995 — the arrest and exile of Ranariddh's uncle, Prince Sirivudh, on political charges — had fed simmering Funcinpec resentments.

From 1996 onwards, the outlawed but still powerful and hostile Khmer Rouge hardline faction at Anlong Veng skilfully exploited the growing personal bitterness between the CPP and Funcinpec leaders. The Khmer Rouge leadership set out to tempt Funcinpec into a new political and military alliance with them. The more "reformist" Khmer

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Rouge wing at Pailin (associated with former Khmer Rouge regime Foreign Minister Ieng Sary) had already in late 1996 been politically neutralized by an amnesty deal with the government — negotiated by Hun Sen, and endorsed retrospectively by the King and Ranariddh — that took them out of contention. The extremist wing at Anlong Veng was still nominally led by Khieu Samphan, although the real leader was its military commander Ta Mok. Pol Pot, though still alive, had by now been purged from the leadership which was trying to present itself as reformed: in fact, it was still violent, and virulently anti-CPP and anti-Vietnamese. From late 1996 onwards, Ranariddh (through his senior Funcinpec general, Nhek Bunchhay) embarked on highly dangerous secret discussions with the Anlong Veng faction.

The tensions that built up in the pre-July 1997 war period were partly the product of Ranariddh falling under the influence of a group of radical military advisers (Ho Sok, Serey Kocal, and Nhek Bunchhay), who were urging him towards a tactical alliance with the Khmer Rouge and secretly importing arms in readiness for an armed confrontation with the CPP, and partly the result of a suspicious Hun Sen's angry reaction to what he saw as Ranariddh's plotting with former sworn mutual enemies to unseat the CPP from power. The CPP feared that a renewed Funcinpec-Khmer Rouge military alliance might again attract some outside powers' support, as in the 1979–91 war. Who could say, given the history, that they were wrong to fear this? It became a classic action-reaction cycle of mutual fear and suspicion, inexorably escalating towards war.

Ranariddh and the other important dissident political figure by this time, former Funcinpec minister Sam Rainsy (now leading his own opposition party), had during 1996 embarked on an overt campaign to discredit the CPP internationally and to plead for international support for their cause, as the only democratic alternative to Hun Sen. More and more, Ranariddh and Rainsy — who had become adversaries in late 1994 and 1995 — were drawn back together during 1996. The public formation in early 1997 of the National United Front (NUF), an anti-CPP political coalition of Funcinpec and the Sam Rainsy-led opposition party, was a key political turning point. Bizarrely, Funcinpec, right up to the July 1997 fighting, never formally withdrew from the coalition government. But Ranariddh's message to his Western interlocutors for about fifteen months leading up to the July 1997 fighting was that Funcinpec was no longer truly part of the government in Cambodia: that Hun Sen had usurped Ranariddh's power, and that Ranariddh and his ministers now stood impotently on the sidelines. Hun Sen, for his part, denied this claim, telling foreign interlocutors that Ranariddh's non-co-operative behaviour was the sole source of his party's problems:

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Ranariddh had only to co-operate with Hun Sen and conduct himself according to the constitution and laws of Cambodia, and all would be well. Western and ASEAN partners of Cambodia, without taking sides on these contesting claims, tried hard to support the efforts of a bi-partisan, high-level conflict resolution committee to prevent civil war breaking out. Finally, the forces of mutual mistrust between the two leaders and the political momentum to war became irresistible.

During the first half of 1997, there were serious outbreaks of Funcinpec-CPP military clashes in Phnom Penh, and in the provincial cities of Siem Reap and Battambang. On 17 April, there was also a grenade-throwing atrocity against a Sam Rainsy-led peaceful human rights demonstration, which accelerated the growing public sense that a civil war was imminent.

The war finally broke out in July 1997 at a time of high inter-party tension when both sides were psychologically primed for a final showdown. There is still a lack of clarity about which side struck the first military blow, and about what each side's war aims were. It was clear for some weeks that the clock was ticking down to war. Hun Sen's police and military forces at roadblocks around Phnom Penh had been aggressively searching cars, suspecting that weapons and undercover Khmer Rouge soldiers were being infiltrated into Phnom Penh by Funcinpec supporters. (The subsequent discovery after the war of large caches of weapons in some prominent Funcinpec-related houses showed that such fears were not imaginary.) Even Ranariddh's own personal vehicle convoy of bodyguards (by this time both leaders had in excess of 500 bodyguards each) was searched and disarmed while returning from an excursion to a town near Phnom Penh. A Funcinpec-run naval base on the Tonle Sap River was taken over by CPP forces on suspicion of harbouring Khmer Rouge forces. When the fighting broke out on 3 July, its timing — on the eve of Cambodia's entry into ASEAN, which would have greatly strengthened Hun Sen's international legitimacy — certainly suited the opposition better than Hun Sen. Perhaps the opposition felt that, as whatever military and diplomatic assets it had were being gradually eroded by an increasingly assertive Hun Sen, it was a case of now or never.

It appears that the Funcinpec's war aims might have been to capture and hold the Pochentong Airport area and the nearby western districts of Phnom Penh long enough for the United Nations to send in peacekeepers and impose a ceasefire line in the city, and for former resistance coalition forces in the northwestern provinces to unite with Khmer Rouge forces at Anlong Veng to create a new anti-CPP armed resistance base area there. Such aims were highly ambitious, given the preponderance of CPP military forces around Phnom Penh, and the

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likely speed and ruthlessness of CPP military counter-measures, once provoked into action.

Hun Sen's aims, analysed retrospectively, seem to have been to suppress the insurrection quickly and decisively, to isolate its leaders as criminals, and to re-establish quickly the international legitimacy of the Funcinpec-CPP coalition, using co-operative Funcinpec politicians to replace the insurrectionists. Hun Sen succeeded in his first aim but not in his second and third. The rump Funcinpec party that remained in Phnom Penh (led by Ung Huot) was never to be accepted internationally. Hun Sen would eventually have to accept the return of Ranariddh — again at the helm of Funcinpec — to contest a new election.

The battle raged over the weekend of 5–6 July. This "mini-war" (it was certainly real enough for people living in Phnom Penh at the time) was resolved by the superior force of arms. Funcinpec forces collapsed on the afternoon of that Sunday. Their supreme commander General Nhek Bunchhay made an epic escape to the northwest border region. There he regrouped a force of up to 3,000 men at O'Smach, a well-defended hilltop encampment on the Thai border.

This was the start of Cambodia's long international travail. The world accepted Ranariddh's claim that the war had been a Hun Sen coup. Ranariddh — exiled in Bangkok and under threat of arrest for treason in Cambodia — appealed for international intervention in support of Nhek Bunchhay's nucleus force at O'Smach. Ranariddh and Nhek Bunchhay insisted that they were not allied to nearby Khmer Rouge forces at Anlong Veng, but there were persistent media reports that Nhek Bunchhay was in secret contact with Ta Mok. In the days that followed, 80,000 royalist and Khmer Rouge refugees crossed into new refugee camps on the Thai side of the border.

At this time, ASEAN seemed to support Ranariddh strongly. The tragic history of the 1978–91 civil war seemed on the point of repeating itself. The next sixteen months saw confused and labyrinthine, but ultimately successful, diplomacy, involving sustained international pressure on both sides to compromise. Rainsy (in November 1997) and then Ranariddh (in April 1998) returned to Phnom Penh under international protection to take part in new internationally-monitored elections. The elections took place in June 1998. The outcome was a mirror image of the 1993 UNTAC-supervised elections: the CPP won this time, by an equally narrow majority of seats over Funcinpec. Rainsy (who had again broken politically with Ranariddh) came in third. Ironically, had Rainsy and Ranariddh contested this election as a single party, they might have gained a two-thirds majority between them; the CPP did not win a plurality of votes.

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Finally, in November 1998, after several weeks of unsuccessful street protests against the election outcome instigated by the two losing parties and which attracted considerable international support, came the unexpected achievement of a new CPP-Funcinpec governing coalition: this time with just one Prime Minister, Hun Sen, but with CPP and Funcinpec ministers. Prince Ranariddh took up a separate position outside the government, as President of the National Assembly. The former Assembly President, senior CPP politician Chea Sim, became President of a newly-created Senate.

Throughout 1998 and early 1999, CPP forces were eliminating, through a combination of steady military pressure and inducements to defect, Khmer Rouge forces around Anlong Veng. Anlong Veng town fell on 26 March 1998. Ta Mok retreated to the Thai border. Pol Pot, who had undergone a show trial in July 1997 as part of Ta Mok's bid to render the Khmer Rouge internationally acceptable, died (he was probably poisoned) in April 1998. The capture of Ta Mok with his remaining few soldiers on 6 March 1999 marked the end of the Khmer Rouge as an organized political and military insurrection.

The new coalition government led by Hun Sen, and endorsed by the King at the end of 1998, was finally able — a long sixteen months after the July 1997 war — to begin the task of rebuilding Cambodia's international acceptability.

A Critical Review of the History

A few salient points emerge from this summary chronology of complex interwoven events, relevant to the theme of Cambodia's international rehabilitation.

Firstly, Hun Sen, Ranariddh, and Rainsy all showed real statesmanship in the 1998 pre-election period. They were all under international pressure to do so, but the situation required of them personal qualities of courage and generosity of spirit. The same can be said of other leading political figures on all sides (for example, Prince Norodom Sirivudh, Nhek Bunchhay, Ung Huot) who have also shown an ability since the events of 1997–98 to bury past differences and work together again for the good of the country.

Secondly, the most dangerous period of the crisis emerged when Sam Rainsy took to the streets the day the election results were announced, to condemn the elections as fraudulent and to call on the people to rise up, Prague-style, to overthrow the government by popular demonstration. Ranariddh again decided to throw in his lot with Rainsy. Weeks of destabilizing street protests followed.

Some influential international voices saw this renewed post-

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electoral crisis as a popular struggle for democracy against dictatorship. At the instigation of Sam Rainsy's supporters in the United States, the U.S. Congress' Foreign Affairs Committee passed a resolution declaring Hun Sen an international criminal and calling on the U.S. Government to take steps to arrest him. Passions ran high in Phnom Penh. There was significant risk of a Tiananmen Square-style suppression of demonstrators by armed police or soldiers — which, in the mood of the time, could well have triggered an armed U.S. or U.N. peacekeeping intervention. This, in turn, could have led to a subsequent Somalia-style armed resistance from the strong pro-CPP forces within Cambodia.[11]

Fortunately, the interim government under Hun Sen kept its nerve and coolness under fire. Instead of unleashing lethal force on the demonstrators, it allowed the demonstrations to run their course for several weeks. Eventually, the CPP trucked in a force of civilian counter-demonstrators from the surrounding countryside, who cleared the streets strong-arm-style but without serious casualties.

A few weeks later in November 1998, Funcinpec finally abandoned Rainsy and went into coalition with the CPP. Since then, this coalition has done remarkably well. Two years later, it is still strong and united and is finally turning its attention to administrative, judicial, and governance reforms.

As for Sam Rainsy, his political credibility and international support have subsided since their high-water mark in late 1997. Rainsy's fundamentalist style of opposition — his refusal to accept the legitimacy of the present coalition government, and to work as a loyal parliamentary opposition within these parameters — has been his own undoing. As his political leverage has waned, he has intensified his attention-seeking behaviour. He has sought to implicate Hun Sen and his wife in an unsavoury murder scandal involving a prominent and popular actress (the Piseth Piklika affair). He has accused the King and Ranariddh of colluding with Hun Sen in a government of "crooks, clowns and charlatans", thereby further alienating both of them from any residual sympathy with his cause. His continued demands for conditionality on foreign aid to Cambodia have distanced him from much of the aid donor community, which is now disposed to work with the RGC and Cambodian civil society to address Cambodia's many problems of governance, rather than looking for circuit-breaker solutions from outside the system.

Rainsy still enjoys the status of an internationally protected person: he is feted by some leading political institutes in the United States (which he visits frequently) as a valiant champion of democracy in what they regard as an undemocratic country. However, if Rainsy

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wanted to build his party from its present narrow base as a small urban protest party to a point where it might attract enough votes to claim a share in a future government, he would need to reconsider his style of political opposition. A majority of Cambodian voters (who voted for either the CPP or Funcinpec both in 1993 and 1998) are clearly uncomfortable with an opposition leader who constantly parades his country's shortcomings internationally. Cambodia certainly needs a vigorous and credible democratic opposition party, but Rainsy may have "cried wolf" abroad too often for his own political good at home.

Conclusion

In conclusion, what general lessons — in the context of current debates on human rights, international peacekeeping, and the national sovereignty of small states — might be drawn from Cambodia's strange and troubled experiences over the past five years?[12]

It would seem that Cambodia's experience shows vividly how a country's problems reported internationally can generate a momentum of their own. A kind of feeding frenzy may develop, built around a particular negative perception of a state or political figure that, until it runs its course, can feed back into the local politics of a small state and handicap efforts to resolve disputes through peaceful accommodation of differences.

The international conventional wisdom about Cambodia between July 1997 and June 2000, and its tendency to see the story in terms of heroes and villains, often sadly distorted the truth. For three years, a "heart of darkness" stereotype prevailed at the expense of accuracy and peaceful reconciliation of differences. Only recently have we begun to see again (from correspondents such as Seth Mydans, Dominic Faulder, Peter Alford, David Lamb, and Barry Wain) more balanced reporting and commentary on Cambodia.

The international portrayal of Hun Sen after July 1997 often resorted to unproductive name-calling, rather than objective reporting of the man's impressive strengths as a leader (he has patience, high powers of concentration, an enormous capacity for hard work, and a shrewd sense of tactics) as well as his weaknesses. Hun Sen must be given credit since July 1997 for his calmness under sustained attack, and his refusal to react intemperately to serious provocations. His steady leadership since 1997 is a significant reason why Cambodia is back on course today. As things stand, Hun Sen's stature and political longevity as an ASEAN leader seem assured.

The media antipathy to Hun Sen was understandable. With limited foreign correspondent resources and tight deadlines, it is

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understandable how the Cambodian story tended to be built on previously filed stories and on the weight of the existing consensus interpretation. There was also the tireless advocacy by international and Cambodian anti-CPP lobby groups, determined to keep in play a strongly negative perspective on Hun Sen.

In this context, the unprovoked 30 March 1997 grenade attack on an approved Sam Rainsy-led human rights demonstration, that killed or maimed over 100 innocent Cambodians, played a major role in conditioning the international community to see Hun Sen as the main villain in the Cambodian story. Eyewitness reports at the time (of men seen fleeing towards a nearby CPP compound area and being given refuge there, immediately after the grenades were thrown) pointed towards the responsibility of persons in or close to CPP security forces for this atrocity. Despite U.S. Federal Bureau of Investigation (FBI) assistance to the official Cambodian police investigation, no one has ever been arrested for this crime. In the absence of further legal process, the balance of available evidence still points in the direction of some senior elements in the CPP. This unresolved major crime predisposed the world against Hun Sen in the July 1997 fighting, and continues to be a shadow on Hun Sen's international reputation. Establishing accountability, even several years later, would be very helpful to him.

Finally, we now live in a world of globalization and of decreasing respect for small states' national sovereignty, where international peacekeeping "coalitions of the willing", or even paid mercenary forces, are being seriously proposed as the best solution to weak states' internal problems. If the world continues down this road, it may soon find itself reverting to a world of nineteenth century gunboat diplomacy, where strong (at that time, usually European or U.S.) states imposed their values and interests on weaker states and societies (of course, always done with the highest of stated motives).

From 1993 onwards — effectively, since the Paris accords brought an UNTAC regime to Cambodia — Cambodia became a social laboratory in which some of these important value issues were, for the first time, tested. UNTAC succeeded in ending foreign intervention in Cambodia's long-running civil war, and in giving the people an opportunity to vote for a government of their choice. UNTAC did not succeed in instantly transplanting Western-style pluralist democracy into Cambodia. Only in that narrow sense did UNTAC fail. However, it does not seem reasonable to blame UNTAC, or Cambodia, for this failure.

In the end, in November 1998, Cambodia found its own home-grown political solution to its thirty-year war. This is what the past three years' disputes, including the recent dispute with the United

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Nations over Khmer Rouge trials, have really been all about. Cambodia has finally, and against strong odds, found its equilibrium and, in so doing, reclaimed both its sovereignty and its international legitimacy.

NOTES

1. From July 1997 until the end of 1998, most international newspapers and news journals covered developments in Cambodia in a way that laid all blame for the violent breakdown of the coalition government on Hun Sen. Funcinpec's and Sam Rainsy's immediate *ex post facto* version of the July 1997 fighting — that Hun Sen had criminally overthrown the legitimately elected coalition government and seized sole power by armed force on 5–6 July — went unchallenged by the media. No serious public analysis was ever given to such questions as: what were the circumstances of the coalition breakdown and the Funcinpec dealings with the Khmer Rouge leadership at Anlong Veng that had preceded the outbreak of fighting on 5 July? What was the relative state of military preparedness of the two sides before fighting broke out? Why did Prince Ranariddh suddenly and without warning fly out of the country on 4 July, when he had been left in charge by his co-premier Hun Sen (who was on holiday with his family at Vung Tao beach resort in Vietnam) as sole Prime Minister? Why was there not a single Funcinpec minister to be seen at the U.S. Ambassador's Independence Day reception on the evening of 4 July? How was it that Prince Ranariddh proclaimed the news of a Hun Sen coup while he was *en route* by plane to Paris, actually several hours before fighting broke out in Phnom Penh? Which side had most to gain from launching a coup at this time: the CPP-dominated government, which was about to sign off on Cambodia's anticipated entry into ASEAN the following week, or Funcinpec, which had been trying for months to discredit this government of which it was still nominally a part, and which knew that once Cambodia was in ASEAN it would be very much harder to effect regime change in Cambodia? Finally, why was Hun Sen's pertinent question — "Why would I want to lead a coup against a government which I controlled anyway?" — never seriously examined?

   The capture and broadcast of a video movie shot by Funcinpec forces during the two days of fighting, and containing live footage of statements by force leaders showing that they were working to a prior battle plan and political strategy; and the issue of two RGC White Papers after the fighting, detailing with supporting documents the history of recent Funcinpec weapons smuggling and collaboration with the outlawed Khmer Rouge, had no international impact whatsoever (two White Papers were put out by the Ministry of Information, on 9 July and 22 September 1997).

   Even the stunning revelation in the 22 May-4 June 1998 issue of the *Phnom Penh Post* (a reliable news journal, and certainly never a mouthpiece for the CPP) of high-level internal Khmer Rouge meeting documents had no international impact. On 15 May, a few weeks after the fall of the Khmer Rouge's last main base in Cambodia at Anlong Veng, handwritten notebooks containing minutes of political study meetings for top Khmer Rouge cadres led by Ta Mok, dated between 24 June 1997 and 19 January 1998, were discovered in a house next to Pol Pot's former house at Anlong Veng and provided to the *Post*. Extensive translated extracts were published in the *Post* (issue noted). The authenticity of the notebooks was never denied.

   These original documents record clearly and in convincing detail the Khmer Rouge's strategy to exploit their secret negotiations with Ranariddh prior to and after

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the July 1997 fighting ("Ranariddh wants to use us as a water buffalo to get across the mud, but we have to ride on the water buffalo"). The Khmer Rouge plan was set out as follows: "The National United Front (i.e. the proposed Khmer Rouge alliance with the existing NUF, then based on Funcinpec and the Sam Rainsy Party) wins, the *yuon* (i.e. Vietnamese and their CPP puppets) soldiers immediately die. We retake the legal position and plan. In doing so we survive. The Front is only a transition to grab forces...").

During 1997 and 1998, all such awkward facts were ignored or shrugged off as side issues. They were never allowed to contradict the central media message: that Hun Sen had destroyed the U.N.-supported democratic transition in Cambodia in pursuit of his own insatiable lust for total power.

For the most colourful examples of condemnatory rhetoric throughout the period of instability, one need look no further than the series of *Washington Post* and *New York Times* editorials on Cambodia, always liberally salted with such epithets as "strongman", "dictator", "warlord". As examples of the way in which serious news features about Cambodia were being written, I have selected the week in which Prince Ranariddh returned to contest the 1998 election from voluntary exile, after having been (by a pre-arranged deal) found guilty by a Phnom Penh court and then pardoned by his father the King for weapons smuggling and collusion with the outlawed Khmer Rouge. See Seth Mydans, "Cambodia's Prince Ranariddh returns from exile", *New York Times*, 31 March 1998; Sangwon Suh and Dominic Faulder, "Power Play", *Asiaweek*, 3 April 1998; and Nate Thayer, "State of Fear", *Far Eastern Economic Review*, 6 April 1998.

2. The history of ASEAN diplomatic involvement in the period of instability is a fascinating study in itself. Cambodia was the test-bed for the "troika" concept, the first attempt by ASEAN at co-operative crisis diplomacy involving intervention in a state's internal affairs. A troika of ASEAN foreign ministers led by Indonesian Foreign Minister Ali Alatas visited Phnom Penh a few days after the fighting, at the less than enthusiastic invitation of Hun Sen. A visibly angered Alatas briefed the resident diplomatic corps on the troika's unsatisfactory first meeting with Hun Sen: Hun Sen had told the foreign ministers they were most welcome but had not needed to come, as he had already fully restored legal government and stability in Cambodia. (Subsequent events in Indonesia make this recollection all the more piquant).

   Cambodia's subsequent long wait to join ASEAN was perhaps punishment for its initial lack of due respect. As the months went by, however, and especially after the election in July 1998, ASEAN troika diplomacy adopted an increasingly pragmatic approach to events in Cambodia, and was less and less inclined to support the extremes of moral condemnation emanating from Washington and some Western European capitals until the end of 1998. In the event, although the initial personal atmospherics were memorably unfriendly to Hun Sen and the post-fighting situation in Cambodia, ASEAN helped to give Cambodia essential diplomatic breathing space during the long crisis (personal recollections).

3. At the time of the submission of this article (September 2000), agreement has been secured between the Cambodian Government and the U.N. Secretariat for judicial and prosecutorial procedures for jointly managed trials of surviving Khmer Rouge leaders for crimes against humanity committed during the 1975–79 Khmer Rouge regime. The complexity of the agreed procedures reflects the lack of trust between the two parties that bedevilled the long negotiations. The resulting agreement has yet to be passed into law by the Cambodian Parliament. It has the Government's full support and therefore should be passed by Parliament where the coalition government enjoys a substantial majority. However, in Cambodia, nothing is ever certain until it happens.

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This Cambodia–U.N. negotiation extended for over a year, throughout 1999 and into early 2000. It was a bitter negotiation frequently on the point of breakdown and marked by mutual accusations of bad faith and intimidation. It became an international judicial "endgame" to the 1997–98 struggle to re-establish Cambodia's international political legitimacy. For human rights lobbies, such as Human Rights Watch International (HRWI) in Washington, the issue became much more about Hun Sen and impunity for human rights abuses under his administration, than about Khmer Rouge crimes during their 1975–79 regime. It is noteworthy that as the negotiation progressed, the U.S. Government became increasingly active in support of sensible compromise solutions (which Cambodia generally supported, but which the United Nations, under pressure from the HRWI which was insisting on total U.N. control, was reluctant to accept).

For my own views on the international legal, diplomatic, and ethical issues involved in this complex and precedent-setting negotiation as it progressed, see Tony Kevin, "Cambodia" (Paper presented at the University of Melbourne Law School conference on International Humanitarian Law, Melbourne, 20 February 1999); Tony Kevin, "Cambodia vs. the U.N.", *Far Eastern Economic Review*, 11 November 1999, p. 30; Tony Kevin, "The New Imperialists: 20th Century Gunboat Diplomacy", *Sydney Morning Herald*, 17 February 2000, p. 15; and Tony Kevin, "United Nations-Cambodia Dispute Approaches an Honourable Resolution", *Phnom Penh Post*, 17–31 March 2000, p. 12.

4. For a well-researched retrospective presentation of the case against the legitimacy of the present Hun Sen-led coalition government in Cambodia, see Sue Downie, "Cambodia's 1998 Election: Understanding Why It Was Not a Miracle on the Mekong, *Australian Journal of International Affairs* (AJIA) 54, no. 1 (April 2000): 43–61.

   Downie's article appeared as a counter-argument to an article by me in the same issue of the *AJIA*: "Cambodia and Southeast Asia", *AJIA* 54, no. 1 (April 2000): 33–41. My article reproduced a lecture that I had originally presented at the Cambodian Institute of Cooperation and Peace, Phnom Penh, on 22 July 1999. The two articles present sharply contrasting assessments of recent Cambodian politics. They demonstrate the difficulties of objective scholarship in this controversial field.
5. There have been numerous formal statements put forward since the July 1997 fighting calling for strict conditionality on aid to Cambodia. In Cambodia, opposition leader Sam Rainsy routinely calls for this, prior to every meeting of the international consultative group on aid to Cambodia. On occasion, other human rights activists, such as Madame Kek Galabru of LICADHO, have expressed similar views. Outside Cambodia, the aid conditionality argument has been most forcefully put in relation to issues of human rights and good governance (and even the issue of Khmer Rouge trials), in statements by HRWI and Amnesty International. The international aid consultative group of donors led by the World Bank, while agreeing on the importance of the issues raised, has never accepted any proposal for aid conditionality.
6. William Shawcross, "Sideshow: Kissinger, Nixon and the Destruction of Cambodia" (1979), brilliantly tells the story.
7. A good cross-section of participants' views on the successes and failures of the UNTAC period is in *Bringing Democracy to Cambodia: Peacekeeping and Elections*, a collection of nine papers by Australia-based UNTAC officials, edited by Viberto Selochan and Carlyle Thayer (Australian Defence Studies Centre, 1996). The first paper by Kelvin Rowley and the last by Thayer tend to support my later views on UNTAC (I was in Cambodia after the UNTAC period).
8. Selochan and Thayer, op. cit., p. 134.

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9. Author's recollection of conversations with Hun Sen. It is also relevant to recall that when I took up my post in June 1994, nearly a year after UNTAC wound down, the Khmer Rouge occupied or threatened more than half of Cambodia's national territory. This was the largest extent of Khmer Rouge control in Cambodia at any time since the 1975–78 Khmer Rouge regime, certainly larger than the areas occupied or threatened by the Khmer Rouge during the 1979–91 civil war.
10. I make no attempt here to give detailed sources for my chronology and assessment of political developments prior to and after the fighting, in the following paragraphs. My account is based on my detailed personal knowledge of and participation in events as Australian Ambassador to Cambodia at the time, which was supplemented by local English-language (the *Cambodia Daily* and the *Phnom Penh Post*) and French-language newspapers and periodicals. More detailed work is in progress.
11. Lest there be any doubt about the possibility of the United States intervening in Cambodia in support of the street protesters, here are some newspaper references from the period:

    7 September 1998, *Cambodia Daily*, p. 3: "(U.S. Congressman Dana) Rohrabacher and Ben Gilman, Chairman of the International Relations Committee of the U.S. House of Representatives, warned that the U.S. will not resume aid to Cambodia without the formation of a government "which accurately represents the will of the Cambodian people". Rohrabacher insisted that the view held by himself and Gilman reflected "the true attitude of U.S. policymakers".

    18 September 1998, *Phnom Penh Post*, p. 5: "Rumours of US troops coming to arrest Hun Sen were rife in the markets ... one of the street leaflets read: 'Today, a U.S. congressman is having a meeting to approve the arrest of Hun Sen and his subordinates ... to bring them to an international tribunal on charges of war crimes. When the arrest warrant is approved, a modern ship loaded with modern weapons and modern aircraft the Khmer people have never seen ... will be operated by a special army unit to arrest Hun Sen.'"

    (On the same page): "On 13 September, marchers were headed by people waving new U.S. and UN flags ... there was a perception that the U.S. was supporting the demonstrators ... both within the ranks of the CPP and the demonstrators."

    (The same source, p. 11): "One such rumour was that American or UN troops were about to arrive to restore order ... this puts out the idea that people only have to keep up the struggle a little longer and someone else will come and sort out the problem ... when a UN car drove in front of a demonstration with its lights on, many people thought the demonstration had been organised and was supported by the UN."

    2 October 1998, *Phnom Penh Post*, p. 2: "A virulent anti-Hun Sen campaign reached the floor of the U.S. Congress last week ... Congressman Dana Rohrabacher's House Resolution 553 has polarised opinion on Cambodia ... Rohrabacher, a close supporter of Rainsy, is seeking 'the indictment of Hun Sen for genocide and crimes against humanity, before an international tribunal'".

    (On the same page): "The U.S. Anmbassador is reported to have engaged in heated exchanges with Sam Rainsy and his wife Saumura over their claims that Washington was ready to send missiles or the U.S. Marines to topple Hun Sen ... According to one source who overheard a telephone conversation between the U.S. Ambassador and Saumura, questions were asked about why would Washington "not arrest Hun Sen for terrorism", when it had intervened elsewhere as with President Noriega in Panama?"

    16 October, *Phnom Penh Post*, p. 4: "Dana's resolution to arrest Hun Sen is no empty threat, the people are saying ... one grocery seller said: America is the most powerful country in the world. It has been successful at many places in the world like Iraq in 1992, and Haiti in 1995."

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(On the same page): "One American source described a private meeting some months ago in Washington where Rohrabacher, talking about Hun Sen, said: 'In the '80s, I could have fixed this with just one phonecall to the Agency.' The source was in no doubt Rohrabacher was referring to the CIA."

12. For trenchant criticisms of my views on Cambodia and on these broader issues, see William Shawcross, "Holding the Fort in a Gangster's Wonderland", *Sydney Morning Herald*, 13 March 2000. Shawcross alleges that I seek "to discredit those who are attempting to protect human rights in a country which has become a gangsters' wonderland ruled by a kind of post-modern communist mafia."

    Shawcross's latest book, *Deliver Us From Evil: Peacekeepers, Warlords, and a World of Endless Conflict*, sets out a case for international humanitarian intervention (up to and including the use of paid mercenaries, in situations where major powers are not prepared to risk their own soldiers' lives) in the affairs of sovereign states where human rights are being seriously violated. Perhaps Shawcross might feel that Cambodia's crisis in the weeks following the disputed July 1998 election outcome would have justified such extreme measures: to my mind, this demonstrates the difficulties in contemplating such radical solutions.

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Book Reviews

The Quest for Identity: International Relations of Southeast Asia. **By Amitav Acharya.** Singapore: Oxford University Press, 2000. 169pp.

Before I read this book, I did not think that yet another book about ASEAN and efforts at regional co-operation could offer much that was very new or interesting. However, Amitav Acharya's concise book *is* interesting, because of the breadth of the analysis and the fact that it goes beyond a strict international relations paradigm. The study ranges over an assortment of perspectives, from anthropology and sociology, geography, history, to political science, political economy, and international relations. It also ventures beyond, but wisely does not completely reject, the now unfashionable realist school, while attempting a "bottom-up approach" (p. 13) centring on the efforts to construct a regional "identity". One effect of such a wide-ranging and thematically ambitious approach is that the book reads a bit like a collection of short stories, albeit with a central theme. The chapters are all connected through the concept of regionalism, yet they are somewhat discrete.

Acharya writes that a specific aim of his book is to investigate the impact of regionalism on the idea of regional identity (p. 2). More concretely, the Preface explains that the book seeks to show how ASEAN came to represent all ten countries of Southeast Asia, beginning with a consideration of the pre-colonial past (p. v). The author believes that there has been a shift from the Cold War geopolitical view of the region to a "regionalist conception of Southeast Asia as a region-for-itself, constructed by the collective political imagination of, and

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political interactions among, its own inhabitants" (p. 3). This is appealing, because it views Southeast Asia as something more than a region always being "acted upon" by the great civilizations or the major powers. The author writes that while the various approaches to looking at regions are not mutually exclusive, in "exploring the regional concept of Southeast Asia, the book argues that regions are socially constructed, rather than geographically or ethnosocially pre-ordained" (p. 11). This reviewer concurs with the argument, to a point (traditions can be invented), but still believes that if geography is not destiny, it comes awfully close to being so.

Chapters 1 and 2 investigate the threads of regional identity from the scholarship on the pre-colonial era to the legacies of colonialism and the Cold War. In Chapter 1, Acharya investigates and analyses the "features of the pre-colonial pattern of inter-state relations" (the author qualifies the otherwise problematic use of the term "state"). Acharya makes quite a convincing case that relations between various "states" *did* exist — in terms of trade, diplomacy, and some cross-fertilization of ideas and practices, and that these have some bearing on the quest for a regional identity today. This is an important point, because while tradition can be invented, it cannot be invented out of nothing.

Colonialism subsequently had a destructive impact on regionalism, since the various colonial powers established fixed boundaries and did not engage with one another regionally. In the end, however, colonialism gave rise to nationalism and independence and some shared aspirations among emerging élites concerning economic and political modernization.

Chapter 3 more conventionally analyses the history and evolution of regional organizations, primarily ASEAN and its predecessors. Chapter 4 covers regional politics from Vietnam's invasion of Cambodia in 1979 to the 1990s. The author writes that while Vietnam's occupation of Cambodia enhanced ASEAN's unity, sense of purpose, and international reputation, in the end the Cambodia problem was resolved by the major powers. Acharya makes an astute observation that the move in the 1990s to seek closer relations with Indochina was inspired, in addition to the long-standing dream of regional unity, by the wish "to regain some initiative on issues of regional order in the post-Cambodia context" (p. 122).

Chapter 5 analyses the challenges and problems facing the ASEAN-10, regionalism, and a regional identity, while Chapter 6 briefly recapitulates the various regional themes in order to tie the chapters together. The challenges to ASEAN and regional co-operation at the end of the millennium are formidable, as the author notes. Unfortunately,

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this section is quite short, which is a disappointment because Acharya is a highly reputable expert on this topic whose observations have much to offer.

Overall, this is a thought-provoking book, loaded with valuable observations and insights. It also provides a needed corrective to orientalist perspectives and to the sometimes tunnel vision of international relations scholars. It is highly recommended, and should be added to the reading lists of every Southeast Asia international relations course.

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Canada

Environment and Development in the Straits of Malacca. **By Mark Cleary and Goh Kim Chuan.** London: Routledge, 2000. 214pp.

This study of the Straits of Malacca and the countries or parts of countries that abut on it invokes Fernard Braudel's Mediterranean: it "has no unity, but that created by the movements of men, the relationships they imply and the routes they follow ... an immense network of regular and causal connections, the life-giving bloodstream of the region" (p. 2). "It is this notion of unity through movement and causal flows of goods, ideas and peoples", the authors tell us, "that underlies our own conception of the Straits" (p. 2).

There is indeed a contrast not only in size. The Straits have been, at least since the fifth century, a major route for international traffic, initially involving India and China, then from the sixteenth century the Europeans, and in the twentieth, the Japanese. The point is well recognized by the authors. They give us a useful account of the challenges that internationalization currently presents, particularly because the Straits are a major route for the tankers that supply Japan with oil: "there is a dilemma between keeping the Straits open as a sea-lane of enormous economic importance and maintaining their ecology as to be a source of fishery resources and healthy marine life" (p. 173).

The Straits contrast, too, in the nature of the political divisions among the littoral countries. Those are much more recent than in the case of the Mediterranean, yet very real. For most of their history, the Straits formed a link among the principalities of the region, one or more of which asserted dominance over the others. It was only with the treaty

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of 17 March 1824 that the political fortunes of Sumatra and the peninsula were pushed apart; only much more recently that the political fate of Singapore and the peninsula came to differ.

The geographical material that the authors present and the arguments they deploy may be stronger than the historical. In both cases, they use up-to-date sources. They have, for instance, not neglected Dianne Lewis' valuable monograph, *Jan Compagnie in the Straits of Malacca, 1641–1795* (Athens: Ohio University, 1995), though neither she, nor your reviewer, would have told them that Bangka is "on Java" (p. 105). Do they mean Bantam?

If that is a geographical slip, the authors' history is somewhat more risk-prone, even in respect, for example, of the two issues already mentioned. The treaty of 1824 did not make the Dutch the "governing power" to the west of the notional line, nor the British to the east: more negatively, it stipulated that the British could not be the governing power to the west, nor the Dutch to the east (p. 106). A serious error includes Singapore in the federation of Malaya in 1957 (p. 123). There are other errors less serious in themselves, but tending to reduce confidence in the whole. Java is transferred to the British in 1796: in fact it had to be conquered in 1811 (p. 105). Aceh succumbed to the Dutch by the mid-nineteenth-century (p. 105): thirty years of bitter conflict, still of crucial importance, are thus elided.

The reviewer would take issue with the authors' account of the development of Singapore's trade. They tend more generally to predate the impact of the products of Britain's industrial revolution on its Asian trade. Though benefiting from Indian subsidy, Singapore was in its early years not unlike a traditional *entrepôt*, understandably described as Kota Bahru by the indigenous traders who frequented it. Penang, on the other hand, was surely not "well-placed" as an *entrepôt*, as the authors suggest (p. 102).

There are other smaller historical errors. The Dutch East India Company (VOC) was "virtually bankrupted by the early nineteenth century" (p. 76): it was abolished in 1799. The concept of the "dual economy" should surely be attributed to Boeke not Furnivall (p. 125): he invented the "plural society". It seems unlikely that Dutch policy in the Spice Islands in the seventeenth century "presaged a new, more intense form of intervention further west": the systems were quite different (p. 99).

The authors recognize that the littoral countries have common interests, and that, through growth triangles and ASEAN membership, some of the consequences of political division are mitigated. The differences remain striking and have increased in recent years: a global city, an industrializing Malaysian west coast, a Sumatran east coast

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productive in parts, neglected in general. Seeking to "unravel" the diversity of the region is one of the authors' aims (p. 191).

It is an enjoyable book, partly because of their enthusiasm and engagement. Pleasure is marred, however, not only by their historiographical errors, but even more by the many errors of spelling and grammar that they or the copy-editor or the proof-reader should have corrected. "Mittshappij" for Maatschappij (p. 110); "Mollucas" for Moluccas (pp. 1, 107); "Richardo" for Rachado (p. 177); "Whickham" for Wickham (p. 74). In the above I have, I think, used "mitigated" correctly; they use it for "militated" (p. 127). And I fear they specialize in misrelated phrases. "Increasingly by-passed by the India-China trade, the high hopes Francis Light had placed in the island settlement had evaporated by the 1820s" (p. 103) is one example; others are on pages 131 and 145. In reading this book, the errors may distress the scholar (and set a bad example).

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China and the South Sea Dialogues. **By Lee Lai To.** Westport and London: Praeger, 1999. 168pp.

Stretching 1,800 miles from Sumatra to Taiwan, the South China Sea is larger than the Mediterranean and contains five zones of potential conflict, of which the most contentious dispute is over the Spratly Islands (referred to as Nansha by the Chinese, and the Truong Sa islands by the Vietnamese). The islands, which are located in the southeastern portion of the South China Sea, are disputed by China, Taiwan, and four ASEAN states: Vietnam, Malaysia, the Philippines, and Brunei.

This work by Lee Lai To presents a detailed and balanced analysis of the territorial and maritime disputes involving the People's Republic of China (PRC) in the South China Sea, including the Spratlys. However, it is not a detailed historical analysis of the competing claims over the disputed territories. Instead, Lee's study explores China's diplomatic strategy in bilateral and multilateral negotiations on the South China Sea. Indeed, the analysis and consideration of both the formal and, more significantly, the *informal* dimensions to this diplomacy is a clear strength of the study.

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The core of the book focuses on the tension between the PRC's preference for bilateral discussions and the increasing preference for multilateral fora by the other disputants. Nonetheless, rather than presenting an insurmountable barrier to dialogue, Lee charts the growing willingness of the PRC to engage with such fora as part of Beijing's wider goal of increasing its influence both in regional and international affairs while avoiding the internationalization of such dialogues. He maintains that in order to reap the benefits of its economic modernization programme, China requires a period of peace and stability at home and in the region. Consequently, at least for the time being, China will benefit from the pursuit of a friendly and independent foreign policy towards neighbouring states in Southeast Asia. Indeed, in Chapter 2, Lee notes that the visit of Li Peng to three ASEAN states during 1990-91 marked an important departure for China in its process of diplomatic normalization, since in the past it had been the practice for foreign leaders to court Beijing. The departure from this, he asserts, is evidence of a more outgoing and constructive diplomacy by the PRC.

Beijing's engagement with ASEAN, Lee contends, is, in part, motivated by a desire to solve the problems China has with its neighbours without involving the United States. Equally, the rapid (re)emergence of China in the Asia-Pacific region necessitates that the claimants in Southeast Asia discard many of their prior assumptions towards the PRC in favour of a new and more constructive approach. Consequently, the book also examines Sino-ASEAN relations in general and explores how this creates both opportunities and constraints on China's conduct in the South China Sea dialogues.

On the part of ASEAN, Lee argues that the organization's engagement with Beijing stems from several factors. The first is the growing strategic importance of China in the post-Cold War world following the demise of the Soviet Union and the reduction of the military presence of the United States in the region after its withdrawal from Subic Bay and Clark Airfield in the Philippines in 1992. The second is the fact that China is involved in nearly all of the major security issues in the Asia-Pacific region, including the tensions on the Korean peninsula and the Taiwan Strait, as well as the South China Sea. The final factor is the growing economic and commercial importance of the PRC. Consequently, the ASEAN states have been compelled to give priority to engagement with the PRC, both in bilateral meetings and in regional mutilateral fora. However, while China has taken part in all the multilateral dialogues on security hosted by ASEAN, it has not made any concessions about its claims, nor has it changed its preference for

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bilateral discussions with other claimant states in the South China Sea. China steadfastly continues to reject any internationalization of the disputes.

Despite this, China has undertaken several confidence-building measures, making it known that it would safeguard the security of the sea-lanes and that it is prepared to talk about security issues related to the stability of the area. In addition, it has also declared that it will follow international law, and, in particular, the United Nations Convention on the Law of the Sea (UNCLOS) of 1982, to help avoid further difficulty. Furthermore, Beijing has shown a willingness to shelve the disputes, allowing discussions on non-sensitive issues on an informal basis with ASEAN. In other words, the PRC has adopted a position that ensures that the disputes do not prevent the growth of diplomatic, commercial, and other ties with the ASEAN states. As Lee makes clear, while China has been consistent in stating that its claims over the South China Sea are "indisputable", Beijing is still willing to talk about the conflicts with the parties involved.

Lee's in-depth analysis of China's diplomatic strategy in bilateral and multilateral negotiations over the South China Sea disputes is based on both documentary research and the personal experiences of the author at conferences and meetings on this issue. A clear and thorough assessment, this work is arguably the most detailed and comprehensive study on the issue published to date and, as such, it is likely to become the standard work on the diplomatic aspects of the South China Sea disputes.

Perhaps the only criticism is that the work focuses almost exclusively on a unitary actor model of the states involved. Consequently, there is little consideration of the competing interests within the domestic politics of China and the ASEAN states, of the local, regional and transnational commercial actors vying for influence and access to the resources of the region (although Lee does note the significance of resources in the dispute). Apart from this, Lee's analysis is a valuable contribution to an understanding of both the formal and informal diplomacy of the PRC, and should be an indispensable work for scholars and policy-makers involved in security issues in the Asia-Pacific region.

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Malaysia's Political Economy. Politics, Patronage and Profits. **By Edmund Terence Gomez and Jomo K. S.** Cambridge: Cambridge University Press, 1999 (second edition). 228pp.

Written by two eminent Malaysian scholars from the Faculty of Economics and Administration at the University of Malaya, this book is a useful introduction to current issues regarding the political economy of Malaysia. In particular, it sheds some light on the dialectical relationship between politics, economics, and business in a country that is commonly viewed as one of the most promising second-tier newly industrializing economies (NIEs). More precisely, it analyses the intricate patronage networks between the political establishment and an emerging, mostly Malay, business class. Detailed case studies provide empirical evidence of the tight nexus between politics and business, as reflected in the emergence of corporate conglomerates controlled by the politically well-connected who enjoy preferential treatment from the government and are involved in an impenetrable net of business acquisitions and mergers. Originally published in 1997, this updated edition also includes an extended afterword (pp. 185–203) that addresses the economic and political impacts that the 1997–98 Asian currency and financial crisis had on Malaysia.

The book is generally well structured, although the chapters are quite uneven in length. It is subdivided as follows. The two introductory chapters lay out the theoretical focus guiding the study (rent generation by official development policies, rent-seeking by private business, and rent dissipation through unproductive lobbying activities), and the colonial legacies (economic structures, the ethnic division of labour and consociational politics under the hegemony of the United Malays National Organisation, or UMNO) defining the parameters for post-independence and contemporary developments. The book then proceeds to a more detailed description of the New Economic Policy (NEP, 1971–90), the privatization policy of the 1980s and 1990s promoted by Prime Minister Mahathir Mohamad, and the emergence of a politically well-connected group of "new rich" nurtured by government patronage and preferential treatment. These chapters are the mainstay and account for more than two-thirds of the book as they also include eleven detailed case studies (pp. 24–165). Another chapter briefly addresses the post-NEP liberalization policies of the 1990s. The concluding chapter (preceding the afterword) is a rather short treatment of the book's main themes, which are "politics, policies and patronage".

The book's main concerns are the official "formulation and implementation of policies that shape the allocation of rents, and the

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economic and political consequences that emerge from them" (p. 5). The authors' main thesis is that a "careful analysis of rents in Malaysia can go a long way to reconciling the apparent paradoxes (to neo-liberals) of state intervention and rapid economic growth on the one hand as well as authoritarianism and political competition (wrongly identified with democracy) on the other" (p. 8).

Recently, the concepts of rent, rent-seeking, patronage and clientelism have become more prominent in the academic discussion of late development in East Asia, with "cronyism" having become the buzzword of many neo-liberal explanations of the 1997-98 Asian crisis. In this book, however, the issues of cronyism and patronage are dealt with in a more sophisticated manner although the book's theoretical discussion itself leaves much to be desired. For example, there is no elaborate theoretical discussion of the concepts of rent and rent-seeking as they are introduced as analytical tools in a rather cursory and descriptive way, ostensibly to facilitate the accessibility of the book. Neither is any comparative reference made to, for instance, the extended discussion and vast literature on patronage and clientelism in South American or other Asian countries. More importantly, there is also no rigorous theoretical discussion of the peculiarities of the rent-seeking phenomenon in Malaysia. However, a more recent publication by the second co-author might fill these gaps to some extent — see Mushtak H. Khan and Jomo K. S. *Rents, Rent-Seeking and Economic Development: Theory and the Asian Evidence* (New York: Cambridge University Press, 2000).

The authors at least point out that their understanding of the rent issue in late development deviates somewhat from the usual rent-seeking argument. While acknowledging the likely detrimental effects of rent-seeking activities on economic efficiency and policy effectiveness, they question the argument that rent dissipation through lobbying competition is necessarily and always exhaustive for politically created rents. This leaves room for potentially successful, albeit not perfectly efficient, and unambiguous government-induced development efforts based on the deliberate creation of rents in a bid to nurture particular industries and accelerate socio-economic change.

Given its overriding significance in Malaysian socio-economic history, the New Economic Policy is the book's prime starting point for an analysis of the formulation and implementation of official development policies and their ambiguous impacts on Malaysian society, such as successful economic development and reduction in poverty, on the one hand, and increased concentration of wealth through political patronage and growing intra-ethnic inequality, on the other. Under the NEP, state capitalism flourished as public enterprises,

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and *bumiputra* (indigenous) trust agencies were the main means of wealth accumulation by the Malay community that was lagging behind.

After Mahathir's ascendance to the premiership in 1981, a policy shift took place in that the formerly amassed wealth of the trust agencies was privatized in order to further promote the emergence of a *bumiputra* commercial and industrial community. As the authors argue, this new policy had quite similar negative effects despite its seemingly profound change in orientation. In particular, the concentration of wealth in the hands of a few politically well-connected people continued to increase. This was primarily due to the lack of transparency and accountability in the privatization process, given the "first come first served" approach and the lack of an appropriate tender system.

However, a more detailed discussion of how pronounced this economic concentration is, and to what extent it actually might undermine the broader aim of improving the country's development status as a whole, is not provided in this volume. The authors' ambivalent position regarding the overall development achievements of the government, on the one hand, and the detrimental effects of power and wealth concentration, on the other, does not translate into a more thorough analysis of Malaysian development paradoxes. In this regard, a book like Harold Crouch's *Government and Society in Malaysia* (Ithaca: Cornell University Press, 1996) may be a revealing supplementary read as it addresses the socio-political structures and processes ("repressive-responsive regime") that have evolved in Malaysia and contributed to its comparative, albeit not impeccable, success.

Some of the above mentioned shortcomings of the book may be due to the fact that it is the result of an ex-post collaboration, with Gomez contributing the empirical data on corporate networks by painstakingly tracking mergers, acquisitions, and memberships in boards of directors, and with Jomo putting it all in a wider theoretical framework. However, one has also to acknowledge the difficulties of researching sensitive issues, such as cronyism and patronage, in Malaysia, given the limited access to relevant information and increasing authoritarian tendencies epitomized by a growing executive supremacy. Not surprisingly, the authors thank their lawyers for legal advice on the manuscript.

In conclusion, for readers who are already familiar with some of the preceding publications by the two authors on topics such as economic development, money politics, party involvement in business, and privatization, this book might not present many new insights. However, it is certainly a concise, accessible and well-researched overview for

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anyone wanting to learn more about how Malaysian business and politics have increasingly become intertwined, and how this continues to shape the action framework of the government and the private sector alike.

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Maintaining the Strategic Edge: The Defence of Australia in 2015. **Edited by Desmond Ball.** Canberra Papers on Strategy and Defence No. 133. Canberra: Strategic and Defence Studies Centre, Australian National University, 1998. 445pp.

This is a fine collection of essays dealing with strategic issues edited by Desmond Ball of the Strategic and Defence Studies Centre at the Australian National University. The collection includes chapters that fall into two distinct categories. The first deals with politico-strategic issues and covers the changing nature of conflict, regional security dynamics, the Australia-United States Ministerial (AUSMIN) consultations (so named after New Zealand was cut out of the ANZUS alliance after it declared itself a nuclear-free state), and multilateralism. The second deals with technical-strategic issues, such as the revolution in military affairs (RMA), the relevance of the knowledge edge, defence planning, intelligence and human resource management. Curiously, the chapters are organized somewhat awkwardly, with those dealing with AUSMIN and multilateralism placed between others dealing with the "nitty-gritty" of defence planning and intelligence. Apart from this minor criticism, it is hard to fault the essays. Each of them shares the distinction of being well researched, cogently argued, practical, and interesting. The book is a valuable addition to the literature on Asia-Pacific security. It bridges the gap between Northeast Asian security literature, which tends to ignore the southern hemisphere in its entirety, and Southeast Asian literature, which all too often declines to engage in "hard security" issues.

This book is relevant as it addresses issues of primary concern to Australian defence academics and policy-makers. Without exception, it demonstrates a depth of balanced opinion. Robert O'Neill's discussion of the changing nature of conflict is perhaps the seminal example of fine

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judgement. O'Neill rejects the notion that the old established motives for starting major wars still have credibility. Instead, he says that there is little likelihood of global conflict. Conflict will, however, continue to be fuelled by envy, fear, ideology, population explosions, the seizure of land and resources, and the tactics chosen by a few leaders to stabilize or expand their domestic political support base. For O'Neill, the new world order taking shape is loose, will tolerate severe challenges and disorder but may attempt to pre-empt the severe loss of life, will try to isolate conflict and ameliorate its worst effects, and will bring international miscreants to justice. This summation captures the essence of the imperatives that drove international interventions in both Kosovo and East Timor.

Having said this, East Asia is, on balance, the most potentially dangerous region in the world (although there is a strong case for arguing that this unfortunate accolade should belong to South Asia). The complex interrelationships that flavour security dynamics in East Asia is the focus of Chung Min Lee's thoughtful and sophisticated assessment of the security environment in Northeast Asia. North Korea's purposes remain opaque, and it has shown willingness to play the missile, nuclear, and starvation cards for all they are worth. Perhaps more seriously from an economic perspective, North Korea could suddenly collapse and would require immediate large-scale investment of scarce resources. China and Taiwan remain locked in a dangerous stand-off. Weapons of mass destruction and the non-nuclear theatre missile defence (TMD) system tend to send signals that worry policy-makers in much of the region. The South China Sea is a source of ongoing friction. Chung Min Lee's analysis of why no other region is so dependent on great power co-operation as East Asia is accompanied by an analysis of potential mechanisms to promote peaceful and stable co-operation.

Stuart Harris takes a different tack in his assessment of the economic dimension of security in Asia. As is customary with Harris' work, a path is charted between the views of hard-nosed realists, calling for the containment of China, and their more soft-line colleagues who argue that economic interdependence will not only lessen, but even remove the prospect of war in the region.

The opinions of the contributors provide a measure of what a group of sensible analysts consider to be the hallmarks of regional stability. They all agree that good relations between the great powers, the continuing presence of the United States, and the enduring value of alliances and successful multilateralism are important. Most of the contributors see institutions such as ASEAN and the ASEAN Regional Forum (ARF) as playing only an indirect role in promoting regional

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dialogue through confidence-building and the promotion of dialogue on sensitive security issues between policy-makers. ASEAN's inability to take the lead during the East Timor crisis confirms this judgement, even though the institution has played an important role in facilitating personal relationships between the new Indonesian leadership and the leaders of the neighbouring states.

Mak Joon-Num reviews the security environment in Southeast Asia and points to an issue that should attract greater attention in Australian strategic planning circles, both in government and academia. Australia pursues regional security policies that balance hard security approaches, in alliance with the United States, with energetic participation in various multilateral institutions (how Australia could do even better is canvassed in Joseph Camilleri's contribution). However, from a Southeast Asian perspective, Australia's close association with American engagement, Mak writes, is seen as "part of a plot to undermine the sovereignty of Asian states". Such interpretations are incomprehensible to Australian decision-makers who entertain no such ambitions — but Mak's point does illustrate one of the problems in Australia's security relationships with its neighbours. No matter how hard Australia tries to be constructive and responsible, its motives will be questioned — all the more so when its Prime Minister is widely believed to have said that Australia sees itself as the United States' "deputy sheriff" in the region.

By assembling essays that reflect on each of the key themes in mainstream Australian official and academic thinking, this book displays its strengths and its weaknesses. The book is preoccupied with North and Southeast Asian affairs, the alliance with the United States, multilateralism and technical issues, which more often than not address the question of how Australia can remain operationally interconnected with the United States. Yet, there is almost nothing on peacekeeping and peace-making other than Jennifer Morrison Taw's essay on "Military Operations Other Than War (MOOTW)". The MOOTW reflects an American desire to separate peacekeeping/making from the core business of the military, which is to conduct war. Yet, as the Australians found in East Timor, peacekeeping/making could come very close to being war. Not only were shots fired between Indonesian-backed militias/TNI forces and Australian/New Zealand patrols, but Indonesian submarines and fighter aircraft were also deployed in the theatre, and on occasion acted aggressively. Not surprisingly, senior Australian officers stress that to be good at peacekeeping, the Australian Defence Force must be trained for war, with the flexibility to participate in a variety of peacekeeping/making missions.

While the challenges of working with the United States are dealt

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with in many of the essays, there is nothing on how Australia may work co-operatively with its Asian neighbours in the defence sphere. Official Australian defence statements speak of shaping the regional security environment and this is an issue which has attracted the attention of policy-makers in Canberra. The immediate practical importance of this issue is highlighted by the experience of East Timor where the Australians found that they had no option but to work with contingents drawn from a variety of military cultures. Most national contingents worked well together. However, the Australians also found to their dismay that some contingents lacked an operational culture, or were under strict instructions to avoid casualties. Consequently, some contingents refused to patrol at night, and avoided risks and thus were of limited utility to INTERFET (International Force East Timor).

Defence co-operation with New Zealand, while touched on by Paul Dibb and William Tow, is not examined in any depth in this collection. It seems extraordinary that the New Zealand angle, with all its frustrations and challenges, is left out. New Zealand's armed forces currently have the capacity to provide a little under 20 per cent of the total capability for the defence of Australia. Australia found that New Zealand was not only relevant but a "linchpin" to the East Timor operation, as INTERFET Commander, Major-General Peter Cosgrove, described it. New Zealand allocated approximately half of its regular military capability to INTERFET.

The security dynamics in the South Pacific are also overlooked in this book, which is surprising, given the large scale of Australian diplomatic, defence, and aid assistance to Papua New Guinea. The escalation of ethnic clashes in the Solomon Islands and the insurrection in Fiji, both during 2000, underscore the importance of the need for Australia to pay close attention to its immediate neighbourhood.

The two most important technical chapters in the book deal with the knowledge edge, and the revolution in military affairs. Paul Dibb's chapter on the relevance of the knowledge edge to Australian security is an important work. His prescription (spend within means, modernize selectively and affordably, work hard on refining technical systems and logistics, and remain interoperable through shared doctrines and communications systems) on the problems facing a medium power with a limited budget and population base, are relevant to almost any small or medium state. François Heisbourg provides a detailed analysis of the RMA in a purer sense.

On balance, the contributions in this book are accessible, practical, and even-handed. The book will be useful to policy-makers, practically minded scholars, and journalists interested in questions on how to reform the armed forces of small-to-medium-sized states. It is also a

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book that should be read by analysts and policy-makers trying to understand what makes Australia tick.

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Voices from S-21: Terror and History in Pol Pot's Secret Prison. **By David Chandler.** Berkeley: University of California Press, 1999. 238pp.

Anyone who visits Toul Sleng museum will undoubtedly be moved by the degree and scale of atrocities committed in this secret torture centre during the Khmer Rouge regime in Cambodia. It is not just the blood stains on the floor, nor the torture implements on display, nor, indeed, the map of Cambodia made of human skulls. It is also the extraordinary *documentation* of violence that took place at this former high school in suburban Phnom Penh between June 1976 and January 1979. In one section of the centre, the walls are covered with stark black and white photos of the faces of those about to be executed: men, women, and children — some with blindfolds, some bearing the marks of torture, most wearing numbered tags. All have about-to-die looks of despair, horror, or incomprehension. These were some of the more than 14,000 inmates who passed through Toul Sleng before being taken to the nearby Choeung Ek "killing field". Upstairs, in another section of the centre, can be found row upon row of filed photographs and documents, including autobiographies and "confessions" of the inmates of what the Khmer Rouge code-named S-21, or *santebal*.

With assistance from Vietnamese and East German specialists, the Toul Sleng archive was assembled in the 1980s by the regime that replaced the Khmer Rouge in January 1979. The 7,000 black and white photographs and negatives were methodically cleaned, restored, and catalogued in 1994 by the Photo Archive Group, and a selection of them appear in the haunting *The Killing Fields*, edited by the two American photographers responsible, Chris Riley and Doug Nivan, and published in 1996. The documents were photographed by Cornell University onto 213 reels of film. These primary sources are what historian David Chandler drew on to prepare his thought-provoking *Voices of S-21*. Between 1993 and 1998, he examined more than 1,000 confession texts,

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scanned hundreds more, and read all the available administrative materials from S-21.

As to why S-21 produced such voluminous documentation, Chandler offers six possible explanations: this provided proof of hard work; the administrators were genuinely curious about betrayals of their "beloved Party" and hoped to plumb the depths of counter-revolutionary schemes; the prisoners spun out their confessions to avoid or postpone torture or execution; and fourthly, he accepts Steve Heder's suggestion that the documentation was to provide material for a history of the ruling Communist Party. Chandler's final two reasons are that reading confessions and execution reports would have made the "upper brothers" feel temporarily secure (p. 50), and that, in Cambodian tradition, writing was highly valued, as it was often limited to priests and their students, and held secret religious power (p. 105).

Chandler regarded a study of S-21 documents as "a means of entering the collective mentality of the Khmer Rouge and also as a way of coming to grips with a frightening, heavily documented institution"(p. ix). In his afterword to the book, *The Killing Fields*, Chandler proposes several explanations for the Khmer Rouge's treatment of S-21 inmates: in precolonial times, Cambodian regimes had shown little, if any, mercy for citizens accused of treason; a prisoner's innocence was not assumed (indeed, "prisoner" in Cambodian, *neak thos*, means "guilty person"); the previous Lon Nol regime regarded the Khmer Rouge as *thmil*, "non-people", and outside Buddhist civilization; and finally, preparing self-critical autobiographies was a feature of Communist Party meetings throughout the world, and the Party controlled its members' lives, in part, by owning their life stories (pp.104–5).

In *Voices of S-21*, Chandler goes further than in his earlier writings, and adds that working at S-21 required reverence for authority and unquestioning obedience, and for this the authorities chose young, malleable, idealistic workers. A second element was the extremes the authorities employed to dehumanize prisoners, allowing the violence to be more extreme and more acceptable to those employing or overseeing it. Thirdly, to illustrate the Khmer Rouge leadership's obsession with eliminating "enemies", Chandler cites the Party's motto, "One hand is for production, the other is for beating the enemy"(p. 41), and the adage, "It is better to arrest ten people by mistake than to let one guilty person go free" (p. 44).

Chandler also explores the identity of S-21. Was it Cambodian? Was it a communist facility? And/or was it based on one or more foreign models? The Cambodianess derived from a deep-rooted culture of exploitation, protection, obedience, and dependency (p. 149).

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Furthermore, Chandler reminds us that the bas-reliefs at twelfth-century Angkor Wat depict a "hell" similar to S-21 (p. 121); that the Cambodian word for torture, *tearunikam*, means "fierce", "savage", "cruelty" and "barbarism"(p. 116); and that "enemies" were subhuman (p. 150). Was S-21 communist? Certainly, Khmer Rouge leaders could have been influenced by policies and practices in other communist countries, notably the Moscow show trials and purges in the 1930s, and re-education campaigns in Maoist China and Communist Vietnam. Was S-21 foreign-influenced? Chandler's comparisons with similar institutions are extensive: Nazi Germany, Argentina, Spain, Iran, Indonesia, Bosnia, and Rwanda, to name a few. However, as Chandler says: "no precise or overriding foreign model for S-21 can be identified" (p. 7). Finally, he determines that S-21 was, to varying degrees, Cambodian, communist and foreign (p. 150) but, "As an amalgam, it was unique ... Its inflexibility and totality, its isolation ... and the masses of documentation assembled there were without precedent" (p.152).

And Chandler's conclusion? "None of this violence is surprising, given the wholesale dehumanization of prisoners and the culture of the prison, but it is chilling to see it so dispassionately written down" (p. 136). And his final words: "To find the source of the evil that was enacted at S-21 on a daily basis, we need look no further than ourselves" (p. 155).

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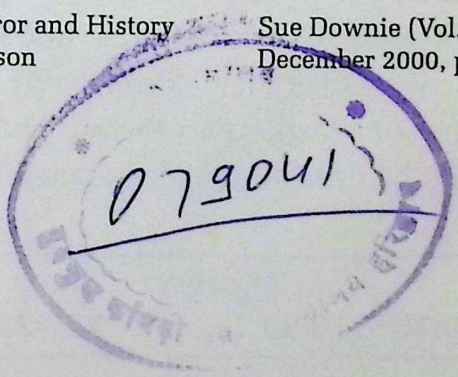

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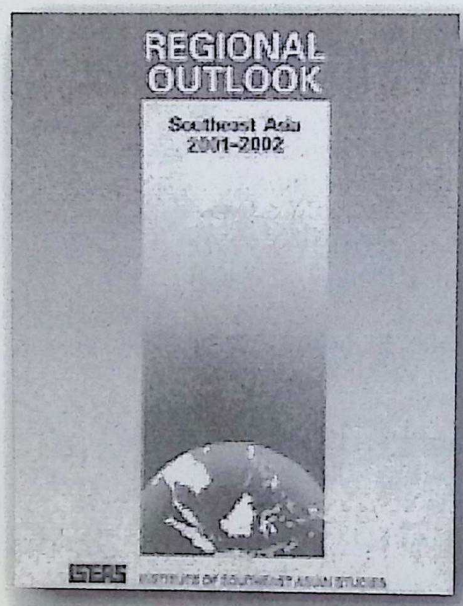
REGIONAL OUTLOOK: SOUTHEAST ASIA 2001-2002



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